Price 1/6 **NOVEMBER, 1954**

ECONOMIC DIGEST

CONTENTS

Published monthly in London by

ECONOMIC DIGEST LIMITED

in association with the Economic Research Council

ECONOMIC DIGEST

NOVEMBER, 1954 VOLUME VII NUMBER ELEVEN

Does England Exploit Scotland?

BY THE RT HON. WALTER ELLIOT, C.H., M.C., M.P.

Two important documents, *The Scottish Economy* by Professor A. K. Cairncross and his colleagues at Glasgow University, and the *Report of the Royal Commission on Scottish Affairs*, both published recently, examine this problem in much detail, though they cover, of course, much more ground than that. The Cairncross Report discusses all those features of the social and economic life of Scotland which can be measured in figures. If one had any general criticism to make, it would be that the Report frequently devotes too much of its time to the figures and too little to the discussion. The Royal Commission had as its short title *On Scottish Affairs*. But its main object was an analysis of the financial economic, administrative, and other considerations involved in the exercise of government functions in Scotland.

Exploitation?

On the question of exploitation or subsidy, a determination of the Scottish national income, and its comparison with that of England, naturally takes a prominent place. This is not so easy; precisely because the integration of the Scottish and English economies has gone so far. Scotland cannot be said to have a national income as Sweden or Eire has a national income. The Scottish national income is defined and measured, by the authors of the Cairncross Report, as simply the aggregate of incomes received by, or attributable to, individuals ordinarily resident in Scotland. Obviously the Scottish national income should include some share of the property income of the United Kingdom Government. On the other hand, a share of the interest paid on the United Kingdom national debt should be deducted. But there is no agreed principle defining Scotland's responsibility for the national debt.

These and other similar problems can be roughly solved by attributing the payments and receipts to individuals. It is admittedly an arbitrary method. But it cannot be very far away from any scheme of allocation which might be agreed politically. The difficulty is that this reflects fairly accurately what the position is but not what the position might be. The Scottish position could be, and should be, much better. The real problem is how to improve it.

The Cairncross Report found that the increase in income per head in Scotland had been about the same during the years 1924-48 as the increase for the whole United Kingdom, but not quite the same. For the population of Scotland was a lower proportion of the total United Kingdom population at the end of

From The Listener, September 16, 1954

that time than it had been at the beginning. Also, before the war, the income per head of Scotland increased at a markedly lower rate than that of England. After the war—between 1944 and 1948—it fell, considerably faster. It was the war years which brought the Scottish figures up, and they have since declined towards the pre-war pattern, that is to say a lower real income per head in Scotland than in England.

Lower Wage Level

The reasons for that are, statistically, a lower level of wage-earnings in Scotland, and the fact that Scottish wage-earners formed a smaller proportion of the total United Kingdom wage-earning population than the gross population figures would warrant. This is partly due to a higher level of unemployment in Scotland; partly to the pattern of Scottish industry, which possesses more agriculture and fewer large manufacturing units, and partly to a concentration of the higher salaries in the south of England.

There is another factor which should be taken note of: the considerably higher rate of emigration from Scotland, which has persisted for many years. I shall return to that.

In so far as the modern trend, both in legislation and in economic practice, is to benefit the lower-income groups, this favours Scotland and, it may be contended, amounts to an English subsidising of Scotland. On the other hand, this higher proportion of the lower-income groups in Scotland, this concentration, for example, of the higher salaries in the South of England, is exactly where the Scottish complaint lies. These arguments will never be completely resolved. They are not confined to the United Kingdom. There are far greater differences between, say, different states in the United States, or different regions in Italy, than those which we have been considering.

The Cairncross Committee says that if income per head in Scotland is to be raised, more capital and more labour must come to Scotland, and the labour which works there must be employed efficiently, with up-to-date methods and machinery. They consider that the major difficulty lies in the field of capital investment, particularly that of private industry. 'On the enterprise and initiative of private industrialists', they say, 'real income in Scotland in the main depends', and 'it falls on them to make the decisions which will determine the future of the Scottish economy'. But all this is subject to the qualifying clause 'within the varying limits set by government fiscal and monetary policies and direct controls'.

The Royal Commission

Here is the point at which we turn to the Royal Commission, a body of men and women drawn from different political parties and points of view, whose report, it is worth noticing, was unanimous. Their findings of fact were in close accord with those of the Cairncross Report. Their figures were more up to date, since they took in the return up to the year 1952-3 instead of ending, as the Cairncross Report had to do, with the year 1948. They agree with the view that income per head of population is lower in Scotland than in England. On the question of exploitation they point out that 'local' expenditure—that is to say government expenditure from Ex-

chequer funds for the special benefit of the country in question, such as health, housing, food and agricultural subsidies, etc.—took up a larger share of Scotland's contribution to total revenue than did the corresponding figure in England: it took up fifty-one per cent in Scotland as against thirty-eight and a half per cent in England. That is to say, Scotland got more of her own money back for local purposes, proportionately, than did England.

As for general expendiure at home and abroad, *e.g.*, debt, defence, Commonwealth and colonial expenditure, they found it almost impossible to disentangle Scotland's economic statistics from those of the United Kingdom. They quote with approval the findings of the Cairncross Report, just mentioned, as to the paramount importance of the enterprise and initiative of private industrialists. But they also point out that much of the dissatisfaction that exists in Scotland today arises from the increased intervention by government in everyday life—specifically mentioning such things as the rationing of capital investment and the need to 'channel' production. In fact, the saving clause as to the varying limits set by government policies is a feature of both reports.

Imponderables

The subject has really to be considered on a much wider basis. There are also many imponderables to be considered, not least the capital investment in emigration to which I have referred. The emigration factor is not unknown, in either economic or political balance sheets—the economic factor, in the Italian economy, of remittances from emigrants abroad used to be well recognised; or again, the political strength of Israel is in no way confined to the actual population inhabiting Palestine. Coming nearer home, the immense weight of Irish influence overseas, resulting from emigration, is all too familiar. In this movement the investment of Scotland in emigration has been out of all proportion greater than that of England. The 500,000 persons, born in Scotland, now settled overseas—and very largely in the key continent of North America—would represent a figure of some 10,000,000 from England; and as we all know, the figure is not anything like that.

This investment is already beginning to show certain returns. North American firms looking for opportunities in the United Kingdom often start with a natural bias towards opportunities in Scotland. Canada, at present, is absorbing rather than exporting capital. But the tremendous developments now in progress there mean that a new Great Power is being born in the world. It will yet be found that the massive Scots element in the make-up of that country will compare with the massive Irish element in the United States. The political results thence arising will be of great interest. As a wise man said, not so long ago, the state has many ledgers.

There is another imponderable, of which less still is heard, and which it is difficult to discuss—partly because it is so easy to misrepresent. It is resilience, the power to come again; and that is bound up with the memory of great defeats as well as of great victories. 'More was lost at Mohacs field', says the Serbian proverb, harking back to the annihilation of their country's armies at the Battle of Cossovo; and the recollection of the bitter times which followed has braced their people

time and again in moments of crisis. The success of England has been so consistent, so continuous, century after century, that, when the scales seem weighted against us as they are now, inevitably a certain apprehension is bound to make itself felt. Can we turn the trick again; and yet again, following so long a run of luck? And if not, what then?

But a hostile world, a memory of defeats as well as of victories, of frustration in great national efforts, as well as of successes, is no new phenomenon for the Scots. Their greatest ballad tells of how a dead man won a fight; and of how, indeed, in the prophecy of his death he found the assurance of the victory. This is a very tough century in which we find ourselves; and the story will not be one of unmitigated success. At such times the memory of past failures, courageously borne, nobly retrieved, will also have their inspiration. That memory, and the inspiration born from it, is much more green in the northern kingdom than in the south.

American Factories

'Bah', you say, 'too metaphysical, too fine-drawn altogether. What has all this to do with exports and imports?' Very well. Let us then return to the Kelvin Hall, Glasgow, where Queen Elizabeth the Queen Mother lately opened the Industrial Exhibition. There, a vigorous effort is recorded, fit to take its place with the enormous effort of the United Kingdom as a whole. In the five years which have elapsed since the last exhibition of this kind, 500 new factories have been established, 100,000 new jobs have been created in Scotland. Of all the American corporations which have opened factories in Britain, seventy per cent have set up in Scotland—a development in which the imponderables before mentioned have certainly played a part. The predominant share that heavy engineering—heavy precision engineering —has taken in Scottish industry is not so much a handicap as it has been, in a world screaming nowadays for heavy-engineering products. In short, here is no picture either of subsidy or exploitation but of vigorous partners fit to stand in the line with each other.

There are still elements of quarrel, elements of danger. The newer engineering industries are poorly represented in Scotland, and industrial productivity appears to be somewhat lower in Scotland than in the rest of the country. This is, to some extent, a hang-over from the long and fierce industrial struggles during the Industrial Revolution; partly direct and partly indirect, such as the reluctance to hazard capital development in the midst of an industrial battlefield. But, although it has passed, all this has left Scotland very jealous of any threat to her newer industries. Of this the extreme and immediate sensitiveness about the proposed close-down of the Renfrew air-base is an example—even though the workers employed in the production of aero-engines and other components in Scotland have risen from 6,000 in 1950 to 16,000 in 1953. But the engineer knows well the difference between a ship and her components. It is exactly this desire to see the end-product, the complete entity, coming to full life under his hand, that is the difference between the conveyor-belt watcher and the master craftsman. It is exactly this problem which the makers of the new European community will have to resolve.

A Problem of Brains

Lastly, and beyond all this, the survival of the United Kingdom in the new centuries is a problem of brains, and how we treat them. On this, or the question of education, neither the Royal Commission nor the Cairncross Report is as good as one might have hoped. Modern education is not doing its work. The consumer is the final judge; and the consumers, the scholars, do their best to escape from the process at the earliest possible moment. In Scotland some four-fifths of the entire school population leaves at the very earliest moment that the law permits, and this is much the highest figure in the whole United Kingdom; and the highest proportion of early leavers comes from the cities, the most prosperous areas. The areas where children 'remain on' are, however, precisely those in which depopulation is most rapidly proceeding. Young people do not get educated to remain in areas of plain living and high thinking. They get educated in order to leave them. And to where? To the cities where, having caught the bus, they run after it no longer.

East-West Trade

I.—IMPORTANCE TO THE SOVIET BLOC

The logic of a closely knit, centrally planned and tightly controlled economic area of the type presented by the Soviet bloc implies a centrally planned and controlled foreign trade agency and a pool of foreign currency resources.

Since trade with Western Europe is the main source of currency supply for the Soviet bloc's purchases of important raw materials from outside Europe—such as copper, tin, wool and rubber—a sufficiently large surplus in the balance of trade with Western Europe is from the Soviet viewpoint an essential objective of the East-West merchandise exchanges.

Declining Soviet Surplus

It is one of the outstanding features of those exchanges over the last few years that the Soviet bloc's surplus declines almost continually. The decline was considerable between 1951 and 1952. Between 1952 and 1953 the surplus declined drastically again; from about a quarter of a billion dollars to about $130 million. This most probably leaves the Soviet Union with what she considers her 'minimum safety surplus' for the over-all balance of trade.

The Soviet Union's own surplus which as late as 1952 was of the order of a quarter of a billion dollars has by now almost dwindled away (in 1953 to about $2 million). This is the combined effect of the deterioration of outlets for her grain—this export was halved between 1952 and 1953—and of her apparent inability to provide for marketable substitutes to make up for the loss. To balance out the purchases, the

From the Central and Eastern European Commission of the European Movement

U.S.S.R. felt compelled to resort to unprecedented shipments of gold. However, on what seems to be a reasonable assumption, namely that her mining yields some five million ounces per annum—the best Western authority on the subject, the Bank of International Settlements, has estimated it for the end of the last decade at about four million ounces and that there is very little likelihood of her dipping into accumulated stocks except for an emergency—one must conclude that her gold sales may at best suffice to keep her imports from the West at their present level. Consequently, the brunt of providing for the 'minimum safety surplus' is put on the captive countries.

Rising Share of Satellites

In fact, a steeply rising satellites' share, and correspondingly a steeply falling Soviet Union's share in the over-all surplus of the Soviet bloc in its trade with Western Europe is another outstanding feature of the recent developments. In 1952 roughly half of that surplus was accounted for by the Soviet Union's contribution. In 1953, her share dropped to a mere one-twelfth. The Soviet bloc's total surplus is provided mainly by two countries, Poland and Czechoslovakia. In 1952 out of the Soviet bloc's surplus of $252 million, the U.S.S.R. contributed $128 million. In 1953 this contribution declined to $2 million (out of a total of $129 million) whilst Poland and Czechoslovakia's surpluses were: $80 million and $61 million respectively.

In response to pressure for greater surpluses the satellite area is confined to a rather narrow range of commodities. As the share of manufactured goods in the total East European exports to the West is a mere one-sixth, there is apparent a growing pressure on the satellites to export more new materials. Moreover, increasingly greater volumes of these materials are needed because of the deterioration of terms of trade.

Rumania's exports of oil have been stepped up to one million tons (double the amount of oil exported by Russia in that year) and they are expected to reach double this quantity this year, although, by common consent of Western experts, that country's oil resources are rapidly approaching a point of exhaustion. A similar position exists in the case of timber exports from Czechoslovakia and Poland, two countries whose timber resources have been severely depleted by war ravages. Poland's coal has been the Soviet bloc's biggest single foreign currency earner since the war. At the time of the Korea boom it alone secured to the bloc's pool a quarter of a billion dollars.Computed p.a. current earnings from coal still run to half this figure, although the westward exported tonnage has fallen to a half and the price to about two-thirds of the respective post-war peaks.

As a result there is a very clear tendency to shift emphasis to foodstuff exports. It is most significant for this tendency that Polish meat, butter and eggs, i.e. precisely those foodstuffs which are in Poland in short supply, account for more than four-fifths of the Polish surplus. If sugar is added, they equal more than half the Soviet bloc's over-all surplus in Western Europe—$72 million out of a total of $129 million in 1953. These few figures present a clear picture of high sacrifices in the living standards behind the Iron Curtain resulting from the Kremlin's policy.

II.—BRITISH TRADE WITH EASTERN EUROPE

U.K. EXPORTS £ million

Country	1937/8 av'ge	1948	1949	1950	1951	1952	1953
U.S.S.R.	18.1	7.0	10.6	14.2	23.8	37.5	12.3
Poland	7.4	11.7	10.8	8.0	7.5	6.5	7.0
Czechoslovakia	2.9	7.3	6.2	5.0	3.9	2.4	2.0
Hungary	0.7	2.5	4.6	1.9	1.4	0.8	1.3
Rumania	1.6	1.0	2.4	1.4	2.4	2.4	2.8
Bulgaria	0.3	0.4	0.8	0.4	0.3	1.0	0.8
East Germany	*—	—	—	—	—	0.3	0.6
TOTAL including re-exports	31.0	29.9	35.4	30.9	39.3	50.9	26.8

U.K. IMPORTS £ million

Country	1937/8	1948	1949	1950	1951	1952	1953
U.S.S.R.	23.9	27.3	14.0	34.2	60.1	58.1	39.9
Poland	10.0	9.0	14.5	19.1	20.7	16.2	22.9
Czechoslovakia	7.0	6.5	2.2	8.8	9.1	6.5	7.6
Hungary	2.4	6.1	7.1	0.4	0	0	0
Rumania	4.1	3.3	2.1	0.5	1.9	0.9	1.4
Bulgaria	0.8	0.1	0.2	0	0	0	0.7
East Germany	*—	—	—	—	—	2.1	1.2
TOTAL	48.2	52.3	40.1	63.0	91.8	83.8	73.7

*No figures available

From 'East-West Trade', published by the Credit Insurance Association

The Ghost of Dr Schacht

BY M. I. MOMTCHILOFF

Mr Momtchiloff, formerly a Governor of the National Bank of Bulgaria, is an economist with the Industrial and Commercial Finance Corporation

THE momentous changes in the world's political geography and currents of trade in recent years seem to point to further shrinking of truly multilateral trade and payments. The Communist Area emerged from the conflict immensely larger than it was before. Absolute State control is a basic principle of economic policy for that area. All its members are pledged to maximum self-sufficiency. For the time being, all of them except Russia suffer from acute and lasting scarcity of goods obtainable outside the area, and cannot earn enough foreign exchange to pay for them. In the nearer future their imports will have to be severely restricted and their exports carefully directed, very much on Schachtian lines. In the longer run the Communist Area will probably increase its self-sufficiency (as an area). The prospects of its re-entering the circle of multilateral trade will decrease still further.

There should be no ideological bias towards autarky in the Sterling Area. But the war left it in a state offering both scope and justification for Schachtian techniques, particularly in its balance of payments with the rest of the world.

Sterling Balances

Although the number of politically independent members has increased since the war and will be growing still further, the very nature and distribution of its physical resources and capital formation is likely to make it more rather than less dependent on trade within the area, unless the North American markets and those of Continental Europe provide expanding outlets for Sterling Area exports to an extent considerably above any experience of the last fifty years. The existence of large sterling balances in London—and this is likely to be a permanent feature of the trade and payments framework of the area—will remain a strong inducement to trade with Britain and other members. And in the case of dependent territories it can be argued that their foreign trade and the long-term financing of their development may yield better results if they are co-ordinated on the basis of programmes worked out in London.

It is true in every sense of the term that trading within the Sterling Area is multilateral: this is probably the largest present area where multilateral trade is a going concern. But taken as an area, this group of countries has to use exchange control and mutually agreed management of imports, exports and foreign payments so as to keep its combined balance of payments in working order. The techniques applied to these complex and delicately adjusted tasks still show more than one Schachtian feature. But sensible handling of the major issues and a

good deal of give-and-take have smoothed away most of the rough edges of these devices.

Controls

Exchange controls in one form or another are still in force in Continental Europe. Government direction of foreign trade, by quotas, subsidies, tax allowances and complex regulations, is still very much in use. And the European Payments Union may, technically at least, be considered as a recognition of the exchange clearing principle of setting off credits against debits and transferring the final balances only. The Union has achieved results that neither Schacht nor his successors in Germany ever came near achieving: the settlement of debts by a clearing between a large number of politically independent countries. But it has not solved the problem of providing foreign means of payment to members beyond the limit of their actual earnings on international account. That problem cannot be solved by Schachtian methods.

American Disciples

Americans would resent any suggestion that they too have been following in Dr Schacht's steps. Yet they have. Stubborn attachment to a fixed exchange parity was one of the most advertised principles of Schacht's policy in matters of currency and economic planning in general. Protection of home industry and agriculture was not invented by Dr Schacht: others, before him. had done much more in this field for much longer than he. *Vixere fortes ante Agamemnona*. . . . But he added to the old, rusty armoury and brought some of the weapons to a much higher degree of efficiency. Few have beaten him at the subtle game of promoting exports with creditors' money or by gearing foreign trade to a centrally managed double drive of economic expansion and rearmament. As to stockpiling, Dr Schacht can claim full credit for showing the rest of us how it can be done without harm to home production, trade and finances. Harnessing bank credit to work-creation schemes was for the first time successfuly demonstrated under the New Plan. Few imitators have gone as far, but the doctrine is firmly established. It has been practised in the United States quite recently, and is likely to be used in the future, there and elsewhere.

Dr Schacht was right in proclaiming, perhaps rather too emphatically at that time, that he was destroying classical economics and finding new ways of helping industry and trade, better and more efficient ways than savings and multilateral trading. He remains unrepentant to this day. But his experiment was not given a final trial under peacetime conditions. That trial has been proceeding elsewhere in the last three or four years, since shortages of goods receded into the past and some controls were relaxed or made more flexible.

Modified Mercantilism?

It is too early to draw final conclusions on the outcome of these trials while currencies remain inconvertible, imports regulated by quotas, and at least twenty countries still trade by bilateral agreements (at the height of the New Plan Germany had twenty-five such agreements). True enough, a trend of opinion away from bilateralism and in favour of convertibility is clearly gaining ground, particularly in Germany and Great Britain. It remains

to be seen what real scope there is, in the economic world of our time, for multilateral trade, and whether convertibility without some degree of Schachtian controls is a practical proposition. Still more important, no method has yet been devised for ensuring high employment in a recession without extensive and centrally co-ordinated measures of import restrictions, export incentives, and higher spending and investment.

The economic policy of the near future may well be a mixture of Keynesian and Schachtian mercantilism with a multilateral label on it.

TECHNICAL TRAINING IN SOUTHERN ASIA

The latest Colombo Plan report speaks of training arranged by Commonwealth countries for 309 persons in 1951, 538 in 1952 and 608 in 1953. The receiving countries were India, Pakistan and Ceylon, and the Dominions affording training Australia, Canada and New Zealand.

* * *

SOVIET SIMPLIFICATION

The State Publishing House for Political Literature has brought out a new textbook on political economy prepared by a group of Soviet economists. The book has three sections: (i) Pre-capitalist methods of production; (ii) Capitalist methods of production; (iii) Socialist methods of production. The book, we are assured, is in a very large edition.

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AFTER HOLLYWOOD, HINDUSTAN

After Hollywood, India has the biggest film industry in the world.

GOLD AND DOLLAR RESERVES

According to the U.S. Department of Commerce, foreign countries added another $260m. to their gold and dollar reserves during the second quarter of 1954. The Sterling Area increased its reserves about as much in the second quarter as in the first. In general however the advance was $239m. less than in the first quarter.

* * *

NATIONAL INCOME GROUPS IN NEW ZEALAND

People with an income between £600 and £700 make up the biggest group in New Zealand. Last year they numbered 115,600 and had a total assessable income of £75 million. Preliminary estimates place those who earned from £700 to £800 as the next biggest group, with 92,700 people and a total income of just on £70 million. Altogether, it is estimated that the total income rose by just on £50 million. Some 604,000 people earned a total of £534 million, compared with 612,000 people and £485 million in the previous year.

Seaway into a Continent

BY W. H. OWENS

When the St Lawrence Seaway is completed ocean-going ships will be able to sail over 2,000 miles into the heart of North America.

THE earliest navigators who entered the St Lawrence were seeking a short cut to the Far East. It was the French explorer Jacques Cartier who really discovered this 'River of Canada' when, on his second voyage to the New World in 1536, he sailed up the St Lawrence to the site of the city of Quebec and a few weeks later reached Hochelaga, now Montreal.

Early attempts to colonise the region of the St Lawrence failed, and it was not until the beginning of the seventeenth century that the first permanent settlements were established. About that time Samuel de Champlain, the founder of Quebec and first governor of French Canada, ventured up the St Lawrence and Ottawa rivers as far west as Lake Huron territory. This was the first of a series of remarkable voyages which set the Great Lakes on the map.

From the pioneer fur-trading days onward to the opening up of vast prairie wheatlands in the nineteenth century and the growth of industry in Ontario and Quebec provinces, and the recent large-scale development of mineral resources in the west, the great waterway has materially influenced the course of Canada's economic progress. Certainly it was never more in a position to do so than now, when the Dominion is experiencing the greatest industrial boom in her history.

Along the thousand-mile chain of lakes, rivers and canals, today flows the agricultural, mineral and manufactured produce of half the North American continent. This is the natural outlet for Canada's huge wheat surplus and the riches of her mines and factories, while the lake freighters serve the busy industrial centres of the United States along the southern boundary.

From Montreal to the Great Lakes

What is now projected is a continuous channel of 1,200 miles, with a minimum depth of 27 feet throughout, extending from Montreal to the head of the Great Lakes, to be called The St Lawrence Seaway. Together with the existing ship canal below Montreal, this will provide a direct passage of 2,250 miles from the Straits of Belle Isle on the Atlantic to the western shores of Lake Superior.

When it is completed, the world's shipping will have direct access to the centres of production and distribution of a very large part of Canada's foreign trade. The tremendous tonnage now carried by lake freighter, canal steamer and barge could, therefore, be more than doubled.

For a century or longer the improvement of this route has been an almost continuous process, with the enlargement of the canals and deepening of the navigation channels, so that, at the present time, ocean vessels can sail throughout the 1,000 or so miles of the Gulf and Lower

From Hunting Group Review, Winter 1953/4

St Lawrence up to Montreal. Away to the west the deep water system of the Great Lakes is interconnected by shipping canals. There has been one bottleneck, however, which lies between Montreal and Prescott, below Lake Ontario.

Along this 115-mile stretch of the Upper St Lawrence the river falls about 220 feet through a series of rapids, which are by-passed by a parallel system of 41 ft. canals. At present there are serious traffic delays through congestion in these narrow, out-of-date canals and their small locks, and many cargoes destined for Canada's overseas markets have to be transferred from the lake freighters which carry loads of anything up to 20,000 tons to smaller vessels of only 3,000 tons deadweight, before passing through them down to Montreal for re-shipment yet again into the ocean-going cargo steamers.

A New Lake

The main task for the engineers will be in the International Rapids Section of the Upper St Lawrence, where the boundary between Canada and the United States takes a course through midstream. Here the flooding out of the Long Sault Rapids will be accompanied by the building of a great and lesser dam and power stations. The deepening and widening of the river in the International Rapids and the adjacent Soulanges and Lachine Sections means raising the level to create a new inland lake navigable by ocean-going ships. Short canals will carry navigation past the dams.

Harnessing the rapids, which is a most important part of the Seaway project, will provide a tremendous new source of hydro-electric power. This is urgently needed for the rapidly growing industries of Ontario and Quebec. Indeed, it was Ontario's acute shortage of power which decided the Canadian Government to speed up work on the Seaway and, if necessary, to go ahead without the United States.

Late in 1953, however, President Eisenhower indicated that Congress would at last give assent for American participation in the scheme. The entire Great Lakes-St Lawrence system, including the Niagara Falls, is capable of developing 9,000,000 horse-power, but of this total little more than one-third has been harnessed. About two-thirds of the total power is Canadian, and the rest American.

The Wealth of a Kingdom

Although the Great Lakes portion of the seaway is virtually completed, further deepening of some of the communicating canals and channels there will be necessary to achieve the 27 ft. depth throughout. At Sault Ste. Marie, where Lake Superior joins with Lake Huron, canals and locks have been built by both Canada and the United States. The largest of them are on the American side, where the most recently built lock, 31 feet deep, was opened in 1943.

Some idea of the enormous volume of cargoes already carried through the Great Lakes-St Lawrence system may be gained from the fact that the Sault Ste. Marie canals clear more tonnage in a season than Panama and Suez together. It must be remembered, too, that winter ice limits the navigation season to only seven months of the year.

About half the Lake tonnage is engaged in carrying grain, from something like 250,000 widely scattered farms; while the balance

carries ore, coal, pulpwood, oil, limestone and general cargo. The volume of traffic and the variety of cargoes is also constantly increasing as Canada's production figures rise. From the Dominion's mines and mills come 90 per cent of the world's nickel production, the bulk of the world's pulp and paper, and much of the aluminium, copper, zinc and uranium that is so vital for defence purposes. For all this wealth the St Lawrence is the primary outlet.

Prospects

When the through ocean Seaway comes into operation, the heavy costs and delays resulting from transshipment at Prescott and at Montreal will be ended. This reduction in transportation costs on grain and flour, as on other materials which Canada send us, would be an important factor in future trading between the Dominion and the United Kingdom and other overseas customers.

New petroleum developments in the western provinces of Canada are also adding to traffic on the St Lawrence route. In 1950 the Interprovincial Pipeline was built to carry crude petroleum from Edmonton across the prairies to Superior, Wisconsin. From there it is shipped by a fleet of specially-built tankers down through the lakes to big refineries at Sarnia, Ontario. More recently the capacity of the pipeline to Superior was increased from 61,000 to 100,000 barrels a day.

Again, the newly-discovered iron-ore fields in the Quebec-Labrador region—which are among the richest in the world—can be most speedily exploited only when the St Lawrence Seaway is completed. It is estimated that these deposits will be ready to ship 10,000,000 tons of ore a year by the end of 1955.

From the military point of view the seaway is a vital measure for the defence of North America. In the event of a future war, the opening of the entire 2,000-mile waterway to heavy shipping would provide a sea route direct from the industrial centres in the heart of North America to any battlefront in the world. At the same time it would also permit vital ship-building on the Great Lakes, secure from the dangers of a vulnerable coastline.

World Bank

—AND EUROPE

International Bank for Reconstruction and Development disbursements spent by borrowers in Europe increased from the equivalent of $68m. in 1952-53 to $115m. during the year ended June 30, 1954.

—MEMBERSHIP

The accession of Haiti and Indonesia brought the membership of the Bank to 56. Czechoslovakia has been expelled for not supplying information on gold production and other matters.

E.P.U. Takes Stock

Recent discussions on currency convertibility have drawn attention to the future of one of the most fruitful organs of European partnership and co-operation.

THE year 1953-54 was in many ways the most satisfactory year in the history of the European Payments Union. The level of economic activity in almost all Member countries continued to rise, and the volume and value of their trade with one another and with the outside world increased. In addition, considerable progress was made in removing quantitative restrictions on intra-European trade, as well as controls on invisible transactions, including, in some important cases, the relaxation of controls on movements of capital. At the same time, many Member countries were able to relax their restrictions on trade with the dollar area.

Rising Reserves

That such progress was possible was, in part, the result of the generally favourable economic situations of Member countries. Inflationary tendencies in Europe remained well under control, and the set-back to economic activity in the United States had a smaller effect on imports from the E.P.U. area taken as a whole than might have been expected. The current surplus of commercial transactions of the United States with the E.P.U. area continued to be more than offset by Europe's receipts from the United States military expenditure and non-military aid. Largely as a consequence of this, Member countries' holdings of gold and dollars continued to increase.

To this favourable state of affairs, the European Payments Union has contributed, partly because it provides an international mechanism on which Members can rely in case of need, and which can therefore help to give them the confidence necessary for the adoption of more liberal trading policies, and partly because it helps the O.E.E.C. (the Organisation for European Economic Co-operation) to continue to provide a central point in which Member countries can meet to disucss their problems and to consider joint action for dealing with them.

Although the general picture of the year 1953-54 is a favourable one, the year has not been without its problems. The Managing Board has had to consider on a number of occasions the continued debtor position of France and the rapidly increasing debtor position of Italy. The Board has also been concerned about the balance of payments situation of Turkey, and in particular the development of arrears of commercial debts due from that country to other Members.

At the same time the rapid increase in the creditor positions of Germany and Austria have also been carefully studied by the Board.

The action which the countries mentioned have themselves taken, and the multilateral arrangements made in connection with the renewal of the Union, may help to mitigate the further development of these

From European Payments Union, 4th Annual Report of the Managing Board, O.E.E.C., Paris

positions. It is not yet possible to state that the widely different problems raised by the situations of these countries have been completely solved, and further careful attention to the problems of these countries will probably be required during the year to come.

Extreme Creditor Positions

The Board has underlined in its previous Reports some of the difficulties inherent in the operation of such an international payments system, and in particular those which must inevitably arise sooner or later from the emergence of extreme creditor positions. The new arrangements made for the renewal of the Union for the year 1954-55 have the great merit of meeting at least in part the difficulties in which certain creditor countries in the Union found themselves. These arrangements provide for the immediate repayment of a substantial part of the creditors' credits in the Union and for the gradual amortisation of most of the remainder of their existing credits over a period of years. On this basis, it was possible for the creditors to agree to accept obligations to grant further credits to the Union if the development of their situations required, and, as a counterpart, the Union was able to agree that further credits should be granted to debtors participating in this repayment operation if these should become necessary.

These arrangements for the funding and repayment of credits in the Union are, in some respects, similar to those made when the Union was established, when some 860 million units of account of unfunded bilateral debts were outstanding between Members, of which all but 126 million have now been repaid. These new arrangements have the double advantage that they have permitted the continuation of the Union and that they will facilitate the transition to convertibility by determining in advance the conditions under which a part of the bilateral debts between Member countries will be dealt with.

Transitional Task

It is hoped that the arrangements which have been made for the renewal of the Union (which include a considerable simplification in its methods of operation) will enable it to continue usefully to function as an international payments mechanism as long as it may be needed. It has, however, been recognised from the beginning that the Union cannot be a perfect system and that its principal task must be to help Member countries during a transitional period, until they can conduct their international payments arrangements on a world-wide basis. Considerable progress in this direction has been made during the past year: the removal of trade restrictions, the extension of the transferability of some currencies, the establishment of international commodity markets, the removal of restrictions on current payments and capital movements, the narrowing of the spread between the free and official rates of exchange, are all evidence of the increasing strength of Member countries and of their approach to a situation in which convertibility on a world-wide basis can be envisaged.

Convertibility?

During the past year, the Board has given considerable time to a study of the problems which the adoption of systems of convertibility by an important number of Member

countries would pose for all Member countries and for the Union itself. From these studies, two major conclusions emerged. The first is that it would not be desirable for Member countries to adopt a system in which their currencies became convertible into dollars, unless such a system could be adopted in conditions which would make it possible for intra-European trade, and trade between Member countries and the rest of the world, to be maintained or increased. The second conclusion is that in modern conditions the maintenance of a successful system of convertibility will be possible for most Member countries only if they continue to work together with one another, to ensure that the conditions necessary for the sound development of international trade and finance, including long-term capital movements, under convertibility are maintained.

The Board wishes to record its view that two of the principal conditions for the successful adoption and maintenance of convertibility by a number of Member countries are that the countries concerned should follow internal polcies designed to maintain financial stability, and that they should hold or have access to liquid resources adequate to enable them to meet temporary balance of payments difficulties.

The Board attaches great importance to the role which international financial institutions can play in making the achievement of these conditions generally possible. In this connection, the Board has already stressed in its previous Reports its appreciation of the need for close co-operation between the E.P.U. and the International Monetary Fund. The need for such co-operation will be greater as Member countries move towards the adoption of systems of convertibility, and the Board desires that contacts between the I.M.F. and the E.P.U. should be as close as possible, in order that the two institutions can work fruitfully together to achieve their common objective.

During the period of transition to a world-wide system of convertibility, the E.P.U. still has an important contribution to make. The Board will continue its examination of the problems of intra-European payments with a view in particular to determining how the Union can continue to assist Member countries to attain the goal of convertibility.

* * *

MORE BRITISH SAVINGS

The Chairman of the National Savings Committee, Lord Mackintosh of Halifax, reports that personal savings in 1953 amounted to nearly 7 per cent of the national income as against 2 per cent in 1951 and 5 per cent in 1938. In the financial year ended March, 1954, net savings, including Defence Bond redemptions, were £28m. This was the best figure for four years and compared with a dissaving in the previous years of nearly £33m.

* * *

REPLENISHING THE EARTH

According to the U.N. Population Division, the earth now has about 2,450,000,000 inhabitants. 54 per cent are in Asia.

Sovroms

'The Sovroms represent one of the most direct forms of the immense and multilateral aid which the Soviet Union and Comrade Stalin personally are granting us for the liquidation of our economic backwardness and the building of a powerful Socialist industry—the foundation of our national independence and the growth of the material and cultural well-being of our workers. . . . Through the Sovroms, the Soviet economy—the most advanced in the world—passes to all our enterprises its victorious experience in the superior organisation of production and in the wise management of enterprises.'

'SCINTEIA' (BUCHAREST), MAY 22, 1951

ONE of the cleverest and most insidious methods of Soviet conquest is the Soviet system of 'joint stock' or 'mixed enterprises' introduced by the U.S.S.R. into the captive countries of Eastern Europe immediately following World War II.

The Soviet Union seized assets which permitted it to become overtly half-owner of various important companies in Hungary, Bulgaria and Rumania, and covertly gave it complete control of these companies, their operation and production.

The first 'joint stock' companies made their appearance in these three countries following broad agreements of economic collaboration signed with the U.S.S.R. in 1945. The 'mixed enterprises' supposedly were to be run on a fifty-fifty basis, with each partner making equal contributions and having an equal share in management and profits. The Soviets, however, assumed complete charge of the joint companies and conducted operations for their own particular benefit.

Special Status

Immediately after the establishment of the 'joint companies' it became obvious that they enjoyed a privileged position and that 'part' Soviet ownership carried with it extraordinary rights which permitted the U.S.S.R. to take the cream of the Satellite economies. Not only were the 'mixed enterprises' managed and staffed by Soviet personnel subject to orders from Moscow, but they also were exempted from taxes and customs and granted extra-territorial status. The nationalisation decrees passed by the Satellite governments, for instance, did not effect companies in which the U.S.S.R. shared ownership.

At present, the joint companies exercise a quasi-monopoly in major economic fields. Wherever domestic companies still exist alongside joint enterprises, special clauses in Soviet-Satellite agreements effectively throttle their operations and assure a dominant position to Soviet-operated organisations. On the domestic market, price concessions permit 'joint companies' to sell at high prices and purchase at low prices. They also enjoy highly advantageous privileges with regard to labour regulations, organization, supply and all matters affecting their efficiency. It is not surprising that under such conditions Soviet-dominated companies have been able to outproduce domestic enterprises, which

From News from Behind the Iron Curtain, September 1954. (Since this article was published reports have been received of the return of Sovroms to satellite State ownership.)

are hampered by lack of equipment as well as by bureaucratic red tape.

Satellite propagandists have failed to mention that a large proportion of Soviet exports to Hungary, Rumania and Bulgaria go to the joint enterprises. While these supplies are paid for in commodities by the importing country, the goods produced by the joint companies are controlled by the U.S.S.R. and, in many instances, are sold abroad on Soviet account. Regardless of the stringent foreign exchange control regulations in effect in all Satellite countries, 'joint enterprises' are given authorisation for virtually limitless exports to free currency markets and are free to use the proceeds for importing equipment. Furthermore, the local government concerned in the 'joint enterprises' must assure them allocations of raw materials on a highly preferential basis. In cases where imports of materials from free currency areas are required, the local governments must deposit equivalent sums in their national currencies to the Soviet account. Under such conditions, Soviet 'aid' not only has reduced the local government's revenue by removing a large sector of the economy from taxation, but it also has deprived the countries thus 'helped' of badly-needed foreign exchange.

I.M.F. LOOKS AT INVESTMENT

According to Mr Ivar Rooth, its Chairman and Managing Director, the International Monetary Fund disbursed $240m. in loans to member countries in 1953. The flow of U.S. private capital had been about $900m. a year for the last six years. The subsidiaries of American companies abroad had reinvested earnings at an average rate of about $600m. a year. The U.S. Government had lent over $400m. a year. Grand total of capital made available to foreign countries: more than $2,000m. a year, three-fourths of which came from private investors.

* * *

BOOM IN ISRAEL

Israel's exports increased 56.5 per cent in value during the first half of 1954 over the corresponding period of 1953, $53.7m., compared with $34.3m. Great Britain was Israel's best customer, buying 29.9 per cent of her total exports for the equivalent of nearly 16 million.

MORE T.U.-ISTS IN GT BRITAIN

For three years running T.U.C. membership has risen. In 1952 it was 8,020,079, in 1953 8,088,450. At its Brighton Conference this year the T.U.C. General Secretary, Sir Vincent Tewson, announced a record figure of 8,093,837, of whom 1,300,816 (14,498 less than the previous year) were women.

The biggest increases of membership were in unions of the mining and quarrying, engineering, founding and vehicle building industries. Losses were recorded in railways and other forms of transport.

* * *

WELFARE (?) STATE

In his pamphlet *Welfare and Taxation*, Mr Colin Clark estimates that the average manual-working family in Britain is being taxed to the extent of nearly £1 per person per week and that social security benefits cannot be valued at more than £1,360m. per annum, against taxation amounting to £1,780m. per annum.

Full Employment Policy in the United States

BY JOHN JEWKES, C.B.E.
Professor of Economic Organisation, University of Oxford

THE present trade decline in the United States is providing, and will continue to provide in the immediate future, the first authentic large-scale test of the effectiveness of those new ideas as to how to maintain full employment which were so rapidly and widely accepted at the end of the Second World War.

The doctrine, first formally enunciated by the British Government in the White Paper on Employment Policy in 1944, that the State should make itself responsible for the level of general demand and hence for the level of employment and, above all, should act swiftly enough to prevent a downward spiral in economic activity has largely remained unapplied. For since the war economic troubles have taken the form of over-employment, of inflationary pressures, of structural re-adjustments, both domestic and international, rather than of under-employment and shortages of general demand. Indeed the full employment doctrine had seemed to fall under a cloud in recent years. None of the new ideas had upset the older truism that in order to avoid depressions it is necessary to check booms, that a budget surplus in active times may be as necessary as a budget deficit in periods of decline. Yet governments had generally found it difficult after the war to make such action politically palatable. And in some special cases, such as the heavy unemployment in Italy, the unemployment at one period in Germany and the international depression in the textile trades two years ago, the naïve view of full employment under all conditions and circumstances was exploded.

In consequence, a policy with possible merits if appropriately employed, tended to be decried for its failure where it was obviously not applicable. The policy had also become bound up, quite unnecessarily in my opinion, with other odd ideas such as the supposed inherent tendency for free economies to suffer from secular stagnation and the continuing need for low interest rates, ideas which were violently inconsistent with the facts of the postwar world. The policy had further been assumed to depend for its efficient operation upon the power of experts to predict the economic future. The numerous, grotesque failures of post-war predictions made it patent that economists had no such skill.

Revival of Keynesian Principles

A theory, therefore, which had been so movingly acclaimed at the end of the war as one of the principal instruments for building a better world was, by 1952, beginning to take on the neglected look of a snow plough in a region where the climate had suddenly become much milder. But the disturbing decline which

From 'Full Employment Policy in the United States'. District Bank Review, September 1954

began about a year ago in the United States suggested that perhaps the economic winters had not gone for good and led to a revived interest in the Keynesian principles. The recession continued through the autumn and the early part of the winter of 1953. It was not spectacular but it possessed the sinister features of continuity and generality. It was clearly unwise to rule out the possibility that this constituted the first wave of a general decline which, if unchecked, might attain galloping proportions.

No great subtlety of economic understanding was required to perceive that a number of pervasive depressing forces were at work. The United States economy had for some years been running at full strength. But the Korean war had ended. The scale of armaments production was being reduced. Foreign aid was being cut. The industries making durable consumer goods, such as motor cars, radio and television sets, washing machines, refrigerators, had for eight years since the end of the war been pouring out these goods on a massive scale and the point of saturation might be imminent. This might well be the occasion for swift and spectacular measures to bolster up flagging demand by large tax cuts and extensive public works schemes—lest the downward movement should get completely out of control as in 1930. In such nerve-racking circumstances the authorities and the general public in the United States began to think hard about full employment policy and the right form, time and manner of pursuing it whilst the rest of the informed world looked on anxiously.

Interim Appraisal

The test is, of course, still going on so that nothing more than an interim report upon it can be offered at this stage. It appears, however, that, so far, the United States Administration and the Banking Authorities have handled their employment policy in a cool, wise and courageous fashion, providing grounds for hope that the present American recession will not be of serious proportions and giving support to the belief that central management, in a free economy, can be used to prevent mass unemployment without bringing in its train other evils, particularly that of inflation, which socially may be just as grievous as unemployment itself.

Scylla and Charybdis

The United States Administration has so far steered between Scylla and Charybdis with a skill and coolness which renders it fully deserving of any good fortune that has come its way. It obviously decided that the American economy was confronted with the danger of a cumulative downward spiral. But it resisted the hysterical clamours of the inflationists. Taxation was cut, the budget was left in deficit, but to a moderate degree. The tax cuts were spread between reliefs to stimulate consumption directly and those to encourage industrial investment. The monetary and credit policy of the Federal Banking system was swiftly employed in conjunction with, and indeed in anticipation of, budgetary policy.

It was recognised that keener competition and some industrial re-adjustment were inevitable. But the former was accepted as a virtue in itself; the latter was recognised as the type of change always going on in a virile economy. Whatever the future may hold, those responsible for central economic policy in

the United States appear so far to have judged nicely between what a system of free markets can do for itself in the way of the self-correction of disequilibrium and what can only be provided by the central authority in the fixing of the general level of economic activity.

It is easy enough to attribute this achievement more to good luck than good management. For, of course, there have always been some favourable factors at work: the high and steady volume of construction, particularly in the form of private building; the robust disposition of American business to meet the challenge of declining demand by intensifying research for new and improved products and by further investment to reduce costs; the stimulating effect of the steady increase in population; the confidence of the public as reflected in the upward movement of stock exchange values. But there was merit in recognising the bull points in the situation when others had overlooked them and in insisting upon their significance when others were disposed to belittle them.

It would be rash to suggest that the American economy is yet round the final awkward corner. It is a situation which might easily turn either way, and sharply. It may, indeed, be necessary for the Central authorities within the next few months to apply further stimulus to demand. And it is perhaps unfortunate that this is an election year in the course of which the American Senate, like all popularly elected bodies, may do odd things disruptive of the well laid plans of those not concerned with the immediate snatching of votes. But it seems fair to say of the employment policy of the United States Administration in the past twelve months that, looking back, there is not much that one might have hoped would have been done differently. And it is rare that such a statement can be made of the central economic policy of a government.

Three Favourable Factors

I suggest that the success of the Administration here has been due particularly to three, doubtless among other, factors.

First, President Eisenhower has been fortunate, although in some cases perhaps this is but another indication of his skill in choosing men, in having first-class economic advisers in the Treasury, in his Economic Advisory Council and in the Federal Reserve System. On the whole they can hardly be said to have a bias in favour of government planning. But taken together they constitute a most impressive combination of scientific and academic knowledge and of experience in economic affairs. There is confirmation here of the quip that central economic planning is best carried out by those who are most acutely aware of its limitations and difficulties. And these advisers have at their disposal a superb collection of statistical material. The speed with which, and the detail in which, it has been possible in the past year to recognise what is actually occurring in the American economy could not have been matched in any other country. It ought, indeed, to lead us in Britain to ask whether our own current statistical records are extensive, detailed and up-to-date enough to provide adequate information in an emergency.

Flexibility

Second, policy has not been

befogged by placing undue reliance upon prediction. It has been recognised that the capacity of any economic system to provide surprises is almost unlimited; that the right time to apply remedies is after and not before something has happened; that those that peer into the future will always find it dark and that those economic indicators which have some predictive value (such as investment plans and unfilled orders) also happen to be just those series which can be most unstable and deceptive. President Eisenhower's last Report to Congress on the Economic Conditions of the Nation put the case succinctly:

'The road of reasonably full employment without price inflation is narrow. . . . What we plainly need and intend to do is to stay firmly on the road, which means that we must moderate economic movements before they acquire a large momentum. Our ability to do so is limited, however, partly because the economy is subject to the shifting moods and modes of human behaviour, partly also because the makers of policy cannot predict with scientific closeness the strength of the responses which their actions may generate. Under the circumstances, government policies must either be flexible, adjusting to new and unforeseen developments, or run the peril of courting disaster.'

This statement might usefully be typed out and pinned up in every Treasury and Economic Planning Section among the Western countries.

Third, the policy has not tried to achieve the impossible; it has accepted the need for workable margins, it has not kept the target of unemployment too low. The assumption has been that a 5 per cent rate of unemployment, or indeed an increase in the rate of unemployment within one year from 2½ per cent to 5 per cent, should not be the occasion for applying desperate remedies.

In Great Britain there is a disposition in some quarters to argue, since our economic conditions have recently been on the mend and unemployment has not exceeded 2½ per cent, that this is the correct target to aim at, the centre around which full employment policy should operate and that Lord Beveridge's famous 3 per cent has been vindicated. It is, however, at least tenable that if the British unemployment rate since the war had been somewhat higher and the economic system more flexible, British industry would have been more efficient and the national income larger.

It is always a mistake to take the experience of one country and apply it incautiously to another country where conditions may be different. But if, in the past twelve months, the United States had adopted as its target for the tolerable maximum of unemployment the figure commonly assumed in Britain, it seems likely that the American public would either have witnessed a debasement in the value of their currency or have been compelled to accept economic controls which would have impeded the remarkable efforts actually made by American industry in adjusting itself to new conditions.

Progress and Policies in European Housing

The Secretariat of the United Nations Economic Commission for Europe (E.C.E.) reports that in most European countries more dwellings were built in 1953 than in any post-war year, the increase over 1952 being about 8 per cent. The study adds, however, that the 1953 construction was only just sufficient to balance the growing needs arising from the increase in population and number of families and to provide reasonable replacements during the year. A comparison with the year 1937 suggests that in most European countries the general housing situation has in fact deteriorated over the past sixteen years.

In a number of countries, however, programmes now adopted or envisaged provide for an expansion of the rate of house building, and this, together with anticipated slightly lower rates of population increase and family formation, can be expected to lead to some improvement.

Special Needs

The E.C.E. Secretariat stresses the need for new efforts—going beyond what has already been done in recent years—to house certain agricultural and industrial groups, and it urges that particular attention be given to the needs in many countries of old people and slum dwellers, particularly since a new wave of high family formation may be expected towards the end of the 1960's.

Practically all European States give some financial assistance to housing, though the extent and the methods vary considerably. The E.C.E. Secretariat considers this to be a field where careful study and exchange of experience between countries might be particularly fruitful. Only a few countries have worked out rational rent structures.

1953 Figures

In most countries more dwellings were completed in 1953 than in any post-war year; the increase from 1952 to 1953 for Europe as a whole is estimated at at least 200,000, which is about 8 per cent. The estimated number of dwellings completed in 1953 per 1,000 inhabitants was as follows:

Belgium	4.6
Czechoslovakia	3.2
Denmark	4.9
Finland	7.0
France	2.7
Western Germany	9.9
Hungary	1.7
Ireland	4.0
Italy	2.9
Netherlands	5.7
Norway	10.5
Poland	2.5 to 3.0
Rumania	1.0
Sweden	7.0
Switzerland	5.4
United Kingdom	6.5
U.S.S.R.	5.3

From United Nations. The title of the E.C.E.'s report is 'European Housing Progress and Policies in 1953'. It is available from H.M. Stationery Office and other U.N. Sales Agents

The sizes of the dwellings vary much between countries. The E.C.E. survey shows that relatively high average sizes are to be found in the United Kingdom, Belgium, the Netherlands and France. In the United Kingdom and France the average size is, however, being reduced somewhat, a development which is stimulated by the authorities to make it possible to increase the number of dwellings built. Recent government proposals in Italy are along the same lines. The countries which built the most dwellings in relation to population, built—with the exception of the United Kingdom—relatively small dwellings, mostly of two or three rooms and a kitchen.

Prince Albert and Prince Philip

If Prince Albert had invited 'leading industrialists and prominent trade unionists' to Buckingham Palace for the purpose of arranging a Commonwealth and Empire conference on 'human relations in industry', what would our Victorian forefathers have said? All the Gradgrinds in the country would have been up in arms. Human relations—one can imagine them saying—have nothing to do with business. They cannot be measured in pounds, shillings and pence; they are not bought in the cheapest market and sold in the dearest. Why in the name of Adam Smith and all his disciples should they be thought to exist in such a place as industry?

But times and doctrines have changed. Prince Philip has done precisely what Prince Albert would never have dreamed of doing, and it has aroused little surprise and no adverse comment. The need to improve human relations in industry is now common talk. Apparently it is even regarded as being an issue which stands sufficiently above political controversy to be deserving of a Royal blessing.

The sudden uprush of interest in the subject since the war is not surprising. Everybody knows that full employment has undermined the old stick-and-carrot methods of labour management. In the past the wheels of industry may have turned well regardless of the thoughts and feelings of its workers. For fear of unemployment and poverty made every factory a prison, and prisons can be run with little consideration for the prisoners beyond the minimum needed to stave off revolt. But now the prison doors are open. Society has destroyed the compulsions on which industry relied. A new, voluntary loyalty has to be created among the workers if they are to give of their best. This can be done, so it is believed, by changing human relations within the work community.

From Socialist Commentary, September 1954

Canada's Changing Population

The remarkable and rapid economic development of Canada makes this demographic survey of particular interest.

In the past few years the Canadian population has been growing at the rate of around $2\frac{1}{2}$ per cent per annum, a faster rate of growth than that of the United States and indeed one of the fastest in the world. Shortly before the end of last year it passed the 15-million mark—an increase of one-quarter since the end of the war and of one-third since 1939.

Aside from the addition of Newfoundland, which contributed 345,000 of the 3 million people that have been added to the Canadian population since the middle of 1945, this rapid growth is due to the high postwar birth rates, to a record low death rate, and to a substantial flow of immigration. Births exceeded 400,000 in each of the past two years, and in 1953 the birth rate for Canada as a whole is estimated to have been 28.2 per 1,000 population, the highest since 1947 when babies from the flood of postwar marriages carried it to a peak of 28.8.

In the meantime the death rate has continued to fall and in the past two years has been at the low figure of 8.7 per 1,000 population, only about three-quarters of what it was in the 'twenties. With a low death rate and a high birth rate, Canada's rate of natural increase (the excess of births over deaths) appears last year to have regained or even slightly exceeded the 1947 peak of 19.4 per 1,000. It was some 20 per cent higher than in the early 'twenties and about 80 per cent higher than the low average for the late 'thirties.

High Marriage Rate

The number of marriages has also remained extraordinarily large. The number estimated for 1953—133,500—had been exceeded only by the all-time record of the first postwar year, 1946, when more than 137,000 marriages took place. The maintenance of the marriage rate at around 9 per 1,000 is rather surprising since the number of native-born young people reaching marriageable age is now reflecting the low birth rates of the 'thirties. No doubt the influx of young immigrants has helped to keep the rate up, for roughly half the postwar immigrants have been between 15 and 35 years of age, whereas at the census date only 30 per cent of the Canadian population as a whole were between these ages. However, there has been a general tendency in Canada this year for the number of marriages to level out.

Immigration—

New babies have, of course, made up the larger part of the increase in the population, but immigration has also made a sizeable contribution. More than a million immigrants have entered Canada since the end of the war, the heaviest flow in many years. And there is evidence to suggest that more of them are settling down here than during Canada's last big period of immigration, the 'twenties. At the 1931 census, about 750,000 people stated that they had come to Canada in the preceding ten years, a number equal to some 60 per cent of the immigrants who had arrived during that period. The corresponding number at the 1951 census was roughly

From Monthly Review, The Bank of Nova Scotia, Toronto

425,000, or about 75 per cent of the immigrant arrivals of the preceding decade. Nor is this the whole story, for babies born to the newcomers have gone to swell the total of births in Canada. At the same time, because so many of the immigrants are young people, there have probably been comparatively few deaths among them, so that in all likelihood they have contributed more to the natural increase through births and subtracted less from it through deaths than their mere numbers would suggest.

—and Emigration

Another factor in the rapid growth of recent years is that the flow of young Canadians to the United States has apparently been much less of a drain than it was in the 'twenties. No Canadian statistics of emigration are kept, but it seems fairly clear from other evidence that the substantial net gain made by Canada in the movement of people into and out of the country reflects both a lessened pull from the United States on young Canadians and a reduced tendency for European immigrants to return to their homelands. This net gain has in fact played a larger part in Canada's population increase in recent years than at any time since early in the century. It should be borne in mind that immigration and emigration are two distinct phenomena. To a large extent quite different people are involved, and there is no valid reason for assuming, as has sometimes been done, that there is a causal connection between the inflow of immigrants from overseas and the outflow of Canadians to the United States. 'Net migration' is a convenient statistical concept in analysing population changes, but it by no means tells the real story of the contribution of immigration.

More Children—

The two fastest-growing groups in the population in recent years, as has been said, are those under 10 years of age and over 60. The very large increase in young children shown in the 1951 census was in striking contrast to the 1941 census which showed the under-tens to be *actually fewer in number* than they had been in 1931. The implications for school enrolment of the sharp increase in the number of youngsters are staggering. Elementary school enrolment, which in any year is closely related to births 6 to 14 years earlier, has already risen markedly with the entry into the school system of the first contingents from the large numbers of postwar births. But the increase so far experienced is dwarfed by that which is in prospect. Towards the end of the present decade, when the youngsters born in the years 1946 to 1953 will constitute the elementary school population, enrolment promises to be around 40 per cent higher than it was last year. In the secondary schools and universities the impact of the rising tide of postwar births will be felt during the 1960's. And the pressure is likely to be accentuated, since better transportation and the movement of families into urban areas are making it easier for more children to attend high school, and higher family incomes are enabling young people to remain in school longer.

Immigration is to some extent increasing the pressure on school facilities. In the past three years alone, immigrants of school and preschool age have been coming in at the rate of around 3,500 a month, over half of them destined for Ontario. The size of the problem is

also aggravated by the fact that school enrolment had been declining in the ten years before 1944. The upswing that is now gathering momentum therefore came after a period when there had been little incentive to add to the nation's school plant and when, moreover, existing buildings had tended to deteriorate first because of the depression and later because of wartime scarcities of building materials. It has come, too, at a time when the age group from which new teachers must be drawn is unusually small and when, in addition, more remunerative opportunities in other sectors of the economy make it particularly difficult to attract young people into the teaching profession.

—More Old People

At the other end of the age scale, the increase in the number of old people reflects the falling death rate: more people now live to grow old than before. It also reflects the big immigration of 1901-14, for the survivors of the young adult immigrants of those years are now in the over-60 group. The social and public health problems associated with the greatly increased numbers of elderly people are one of the main concerns of those in the field of health and welfare. Here again the incidence of the problem is unequal, for the elderly make up a larger proportion of the population in some provinces than in others. British Columbia tends to attract old people because of its climate, while some of the older provinces have for years been losing young people to other parts of Canada.

The obvious result of the disproportionate increase in the very young and the old is a rise in the so-called 'ratio of dependency'. The group of active working age (15 to 59), which generally speaking must provide for the needs of the whole population, increased by only 12 per cent between the last two censuses, as compared with an increase of 19 per cent for the whole population as against 62 per cent in 1941. An important factor in this relative decline was the low birth rates of the 'thirties.

The 1960's

By the early 1960's, of course, the under-tens who now occupy the bottom of the age pyramid will be reaching young adulthood, resulting in sharply accelerated entries to the working force and no doubt a sharp increase in marriages, followed by a new upswing in births. If a substantial flow of immigration should meanwhile continue, and if the birth rate should remain fairly high, the ageing which was so marked a feature of the Canadian population in the first half of this century might proceed very little farther in the next ten or twenty years. Continued high birth rates might result in a small rise in the proportion of children; but the proportion of elderly people might be little if any larger than it is today.

This is not to say that the problems connected with old age will not persist, for the numbers of the elderly will certainly increase and may grow much faster in some provinces than in others. But the spectre of a rapidly growing burden of old-age dependency is often exaggerated. Such thinking is a holdover from the 'thirties, when the falling birth rate pointed to a decreasing proportion of young people and a rapid increase in the proportion of the aged. A rise in the 'ratio of dependency' which comes

from an increase in young dependants is an encouraging sign for it indicates a young and vigorous population with a large capacity for growth.

More Married People; More Families

As has already been indicated, marriage rates in Canada have been very high for the past ten years or more, and the result is that a higher proportion of the adult population is now married than ever before. In 1951, 64 per cent of the population 15 years of age and over was married as against 57 per cent in 1941 and 54 per cent in 1911. More people are now marrying early. Of the young people who were 20 to 24 years of age in 1951, 25 per cent of the males and 51 per cent of the females were married as against 16 per cent of the males and 39 per cent of the females ten years earlier.

With the boom in marriages, the number of families has naturally been increasing at a considerably faster rate than the population as a whole. From 1941 to 1953, while the whole population (excluding Newfoundland) increased by 25 per cent, the number of families increased by 35 per cent. The net addition each year since the war has varied from a peak of 104,000 families in 1946 to a low of 71,000 in 1950. In each of the last three years it has exceeded 90,000. This rapid increase has been a major factor in the high post-war demand for houses, to which the movement of population into urban and suburban areas and the increasing level of incomes have also contributed.

The pressure on the supply of houses may ease in the next few years if the number of marriages falls off, as it now shows some signs of doing. There may, however, be important offsetting influences such as continued immigration and a need for larger houses if the apparent trend towards more three- and four-child families continues. And, looking farther ahead, there is likely to be a sharp upturn in the demand for houses during the 'sixties when the large number of youngsters now at the bottom of the age pyramid reach marriageable age.

More City and Suburban Dwellers

It will be already apparent that the rates of growth in various localities have been very uneven and therefore that the incidence of the demand for housing and for schools and other social facilities and the problems involved in a growing population have been unequally distributed. To begin with, the provinces have grown at most unequal rates. Between 1941 and 1953, while the population in the whole country increased by 25 per cent, Saskatchewan's population actually showed a small decline (4 per cent), though it should be noted that the 1951 census showed a loss over the previous ten years of 7 per cent, part of which was recouped in 1951-53. In this twelve-year period, four other provinces made rather moderate gains: Manitoba 11 per cent, Prince Edward Island 12 per cent, Nova Scotia 15 per cent and New Brunswick 17 per cent. Growth was in fact heavily concentrated in Alberta (up 26 per cent), Quebec (up 28 per cent), Ontario (up 29 per cent) and British Columbia (up by a phenomenal 50 per cent).

These varying rates of growth reflect movements of population across provincial boundaries and from outside the country as well as

variations in rates of natural increase. Between 1941 and 1951, the increase in four provinces—Manitoba and the three Maritime provinces—were substantially less than their natural increase and those in two others—Quebec and Alberta—a little less, while, as already noted, Saskatchewan showed an absolute loss. In only two provinces—Ontario and British Columbia—did the total gain exceed the natural increase. This does not mean, of course, that the others drew no new residents from outside their borders, but only that in the shift of population they were net losers.

New Canadians

The immigrants who had come in since the 1941 census and were still living in Canada at the time of the 1951 census were heavily concentrated in Ontario, where they contributed some 228,000 or 28 per cent of the population increase for the period. Since Ontario's total gain from migration was some 305,000, it is obvious that she was, on balance, a recipient of population from other provinces. British Columbia gained more heavily than Ontario in this way, for the number of recent immigrants, about 45,000, was equal to only 13 per cent of her population increase and her net gain from migration was over 230,000. All the other provinces, though they received some new immigrants from abroad, lost population through migration.

Another aspect of the movement of population is the continued trend from farm to city. The urban population increased more sharply than the rural non-farm population and the strictly farm population actually declined by 10 per cent from 1941 to 1951—a trend which is associated with the increasing mechanisation of agriculture, particularly in the West. The most striking feature of the rural-urban trend is the clustering of population around the larger cities; the population of Canada has become not only more urban but more suburban. In addition to the growth of the fourteen urban centres classified in the census as 'metropolitan areas', which increased their combined population by 27 per cent during the decade, other towns and cities also grew rapidly and there was a noticeable rise in the population of the unincorporated rural communities surrounding them. In fact this latter growth is largely responsible for the substantial increase in the rural non-farm population.

Pram on the Porch

Within the metropolitan areas, the rate of growth in the suburbs far outstripped that in the central cities. While the combined suburban parts of the fourteen census metropolitan areas grew by over 68 per cent, their central cities grew by only 15 per cent. Implicit in this mushroom growth are heavy demands on transportation systems and needs for extended gas, electric, water and telephone services, for shopping centres, schools, churches, hospitals and other facilities and services. The school problem looms especially large, for as common observation shows, it is the families with young children who have tended to congregate in the suburbs. The baby carriage on the front porch is the hallmark of suburban civilisation.

To Sum Up

The picture that emerges from a study of the recent changes in Canada's population is of a young

and vigorous nation, growing rapidly through both natural increase and immigration. It shows people surging into the industrial centres and into parts of the country, like Alberta and British Columbia, which have been stimulated by the development of natural resources. It does not follow, of course, that future population movements among the provinces will necessarily follow the same pattern, for development may shift to other areas. It does, however, appear certain that population growth, whatever its geographical direction, will continue to be substantial. Today's large numbers of children mean a large working-age population ten to twenty years from now. They mean a bigger working force to develop the country, more families and a growing consuming public.

Making the Pakistan Desert Blossom

Mr W. M. Curteiss, a senior agronomist in the New South Wales Department of Agriculture, who has just returned to his country after spending two years in Pakistan, has spoken highly of the Thal Development Project. He said in Sydney recently:

'In the four years of its development the gigantic Thal Development Project, which aims at the utilisation of 5,000,000 acres of semi-arid desert country, the establishment of 1,000 villages and the settling of 250,000 people by 1958, has made spectacular progress.

'Although Australia, Canada, and New Zealand have supplied a lot of economic aid, equipment, and technical guidance in various sections, the Project is essentially a Pakistani enterprise. Its capable administrator is Mr Zefar-ul Ahsan, and the executives and workmen are all Pakistanis.

'I believe that the contributing Colombo Plan countries can feel justly proud to have been associated with the Project, and there is no doubt that the Commonwealth Livestock Farm will fulfil a very useful function in the colonisation of the Thal area and in the improvement of animal husbandry in Pakistan.'

Although 5,000,000 acres are involved in the Project, only 2,000,000 acres will be irrigated by waters diverted from the Indus. The area outside this limit will be water by a Tubewell system of wells which descend to a depth of about 200 feet.

Australia has supplied £A800,000 worth of gear, mainly pumping equipment, to implement the Tubewell scheme.

Commonwealth Farm

The Commonwealth Livestock Farm was originally known as the Thal Livestock Development and Research Farm. The name was changed by the Pakistan authorities in recognition of the aid and co-operation received from Australia, Canada and New Zealand.

When Mr Curteiss left Pakistan early this year there were about 500 Australian-bred Corriedale sheep and 800 Australian poultry stock, including Australorps, White Leghorns, Rhode Island Reds and Plymouth Rocks on the farm all supplied by the Australian Government under the Colombo Plan. In addition, Australia has undertaken to wholly equip the veterinary hospital, an integral part of the farm.

From Pakistan News

The Price of Rice

FOOD crops are closely related in price with purely cash crops. When food is scarce and dear there is little incentive to grow annual fibre crops such as cotton, jute or flax, nor to devote much labour to the extraction of fibre which is not obtained from annual crops. Coir fibre and manila hemp are cases in point and if the cereal crops are more profitable then labour is diverted from the extraction of these fibres.

The same considerations do not apply so closely to plantation crops such as African sisal, but the relationship is important where peasant or small-holder crops are concerned as in jute and manila hemp.

The key commodity in the East is traditionally rice, and it is recognised that the supply of this basic and principal food has a decisive influence on all other crops and on the entire economy of tropical countries.

Abundance

After a succession of years with crops at or below the barest level of subsistence, there is today comparative abundance of rice in the East. This coincides with substantial surpluses in other cereals, especially wheat, in the Western Hemisphere. The great change in rice is well borne out by price movements during the past two decades as will be seen from the following table of average prices in the Philippines, a market which may be regarded as relatively free and unrestricted:—

Year	*Highest price*	*Lowest price*	*Average during the year*
1937	6.11	4.89	5.43
1938	6.80	5.73	6.33
1939	6.45	5.85	6.35
1947	32.72	21.88	27.69
1948	32.15	21.85	27.42
1949	28.42	23.56	26.99
1950	24.64	18.80	21.09
1951	28.65	20.74	25.49
1952	25.60	20.43	24.18
1953	19.34	18.32	18.72

Current price ... 17.15

(Macan variety, 1st and 2nd class)

In Philippine Pesos per 56 kilo sack

From Wigglesworth and Co. Ltd., August 1954

Colonial Empire and Sterling Area

BY F. M. LLOYD PRICHARD

THE value of colonial territories in world trade is well recognised. They are sources of important goods —rubber, tin, timber, cocoa, cotton, sisal, coffee, sugar, bauxite, petroleum, vegetable oils, tobacco, diamonds, iron ore, spices, tea, fruit, etc.—and they are being found increasingly useful markets for the great manufacturing countries.

In the Sterling Area, the receipts and outgoings of the Colonial territories are of special importance. Indeed, it is not too much to say that the prosperity of the Area as a whole is affected by the well-being of these territories and in particular by their balances of payments as the following table shows (in million pounds):

	1951			1952		
		Area			Area	
All Territories including Hong Kong	Sterling	Non-Sterling	Total	Sterling	Non-Sterling	Total
Imports F.O.B.	469	388	857	512	330	842
Exports F.O.B.	568	594	1,162	502	465	967
UK Grants to Colonies	17	—	17	28	—	28
Other Invisibles (net)	—143	—9	—152	—106	—8	—114
	—27	+197	+170	—88	+127	+39

	1953 (Provisional)		
		Area	
	Sterling	Non-Sterling	Total
All Territories including Hong Kong			
Imports F.O.B.	502	276	778
Exports F.O.B.	454	363	817
UK Grants to Colonies	22	—	22
Other Invisibles (net)	—83	—5	—88
	—109	+82	—27

(Source: *The Colonial Territories* 1952-1953, 1953-1954. Cmd. 8856 and 9156.)

At the end of 1951, the total balance of the Colonial territories on current account was some £30m. larger than at the end of 1950 and was caused partly by a reduced deficit with the Sterling Area due to a large expansion in export earnings from that area. For 1952 the balance on the total trading was small, but it will be recognised that in spite of the lower total, the surplus with the non-Sterling Area remained high and represented as before an important part of the earnings of the Sterling Area as a whole. By 1953 the current balance of the Colonial

From Eastern World, September 1954

Territories was in deficit, for the first time in several years. Exports to both the Sterling and the non-Sterling Areas moved downwards. The large volume of imports from the Sterling Area for the whole period of 1951-1953 will be noted. By 1953, the deficit with the Sterling Area was increasing and the surplus with the non-Sterling Area had once again declined.

The share of British West Africa and the Malayan Area (which includes in this account North Borneo, Brunei and Sarawak) in these totals is exhibited in the figures set out in the table below (in million pounds):

Territory	1951 Area Sterling	1951 Area Non-Sterling	1951 Total	1952 Area Sterling	1952 Area Non-Sterling	1952 Total
West Africa						
Imports F.O.B.	88	50	138	111	49	160
Exports F.O.B.	135	87	222	142	81	223
UK Grants	2	—	2	5	—	5
Other Invisibles (net)	—30	—6	—36	—31	—7	—38
Balance	+19	+31	+50	+5	+25	+30
Malayan Area						
Imports F.O.B.	192	231	423	168	172	340
Exports F.O.B.	235	400	635	133	268	401
UK Grants	5	—	5	10	—	10
Other Invisibles (net)	—77	—18	—95	—30	—16	—46
Balance	—29	+151	+122	—55	+80	+25
Total above	—10	+182	+172	—50	+105	+55
Total for all Colonial Territories(1)	—27	+197	+170	—88	+127	+39

Territory	1953 (Provisional) Area Sterling	Non-Sterling	Total
West Africa			
Imports F.O.B.	111	49	160
Exports F.O.B.	141	82	223
UK Grants	3	—	3
Other Invisibles (net)	—23	—7	—30
	+10	+26	+36
Malayan Area			
Imports F.O.B.	147	134	281
Exports F.O.B.	97	177	274
UK Grants...	9	—	9
Other Invisibles (net)	—14	—13	—27
Balance	—55	+30	—25
Total above	—45	+56	—11
Total for all Colonial Territories (1)	—109	+82	—27

Source: As before.

(1) Excluding Hong Kong.

The dominant part played by the two areas, West Africa and Malaya, both in affecting the net surplus and also the surplus with the non-Sterling Area, particularly in 1951 and 1952, will be observed. In 1953, Malaya's trading surplus was much reduced, and this fact largely contributed to the overall deficit.

It must be added that the most important part of the surplus with the non-Sterling Area lies in the Dollar Area. In fact, by 1953 it is apparent that the non-Dollar sector of the non-Sterling Area was tending to pull down the surplus gained by the Colonial Territories with this Area faster than the Dollar Area, and although the favourable dollar balance of the Colonial Territories as a whole fell by about £25 to £105, that figure still represents a substantial contribution to the reserves of the Sterling Area. The following figures show the estimated payments and receipts of Colonial transactions with the Dollar Area from 1951-53 (in million pounds):

	1951	1952	1953 (Provisional)
Imports F.O.B.			
West Africa ...	10	8	9
West India ...	32	36	33
Far East ...	20	14	9
Other ...	12	10	10
	—74	—68	—61
Exports F.O.B.			
West Africa ...	48	47	49
West India ...	22	20	21
Far East ...	142	92	59
Other ...	17	25	23
	+229	+184	+152
Other Transactions (net) ...	+7	+12	+14
Current Account Surplus ...	+162	+128	+105
Gold Sales to UK ...	+9	+3	—
Dollar Area Total ...	+171	+131	+105
Current Account Surplus with whole non-Sterling Area ...	+197	+127	+82

Note that the figures for the dollar components of non-Sterling amounts include small totals for Hong Kong, but figures for the whole non-Sterling Area exclude Hong Kong.
Source: As before.

Columbite

Again, the importance of the areas, West Africa and the Far East, will be seen and particularly their trading in goods with the Dollar Area. So far as West Africa is concerned, Nigeria's export trade makes up about 50 per cent of the total export trade value. Naturally, tin featured prominently (averaging about 6 per cent of Nigeria's total exports), but the value in relation to the Dollar Area cannot be assessed directly because Nigeria's tin ore and concentrations are exported to Britain to be smelted. The growing importance of Columbite as an export from Nigeria to the United States should also be noted (in 1951, £838,715 was exported, of which £499,934 went to the United States, and in 1952, of £1,306,688 worth exported, £736,018 likewise).

Growth

BY P. WILES (*New College, Oxford*)

ECONOMIC growth is beginning to reoccupy a central position in economics—in theory though not yet in practice—that it has not had since Adam Smith, with the very important exception of the Soviet five-year plans. This re-instatement is very right, since growth is obviously the 'best' thing that can happen in economics—better than Free Trade or the attainment of the optimum allocation of resources between competing ends or even full employment. This can be very simply shown: the prime end of economic man is material plenty, he wants to have as much of everything as possible. But in order that this state of affairs should be achieved the economy must grow, i.e., production per head must be increased. Growth is then, by definition, the *sine qua non* for the attainment of the supreme end and therefore itself supreme. It is and should be a cuckoo in the nest of economic topics. This article will survey very briefly and superficially its relation to each of the other major topics in turn.

N.A.T.O. and Communist Countries

Before beginning this survey we must enquire as to the optimum rate of growth. At the present time, in the cold war, the purposes of propaganda, foreign policy and military strategy require in practice that the rate of economic growth in N.A.T.O. countries should not fall below that in the Communist countries: say 5 per cent per annum in the real net national income. Actually Soviet growth is at 6 per cent per annum, but doubtless Chinese is slower than that, and it would suffice to double the 2½ per cent characteristic of a healthy average non-Communist economy. Are such hardships really necessary, it may be asked? Is not our present economic superiority enough? Out of our superfluity we are today in fact spending more than the Communists on re-armament, and investing much more than they in the neutralist backward areas. But although we can beat the Communists at that today they are growing twice as fast as we and will be able to beat us tomorrow. The cold war will last a very long time. Only by outgrowing the enemy can we keep on winning it. Nor does it suffice that backward areas only should achieve such rates of growth. For so long as they remain free they can only grow by importing capital, and the capital required is so enormous that the advanced countries cannot provide it without themselves growing, especially as they must be able *easily* to provide it, in the face of Communist competition to do so. Moreover, to argue only in terms of backward area growth is to forget the need for superiority in armaments.

So much for politics. On pure welfare grounds, however, the question is much more complicated and we shall not discuss it here, except to stress that the *maximisation* of growth would be very unpleasant indeed for the generation then alive. The ideal rate is clearly less than that.

From material prepared for the British Association for the Advancement of Science

Investment

Another proposition must also be laid down at the start: *the prime cause of growth is investment.* This is not obvious and may not be, as it so often is, simply assumed. First, investment *per se*, the mere accumulation of capital—how much more revealing in some respects is this Communist way of putting it—is by definition an increase in the quantity of resources available for production; it is like the discovery of new land. Secondly, growth is very largely—and more indisputably—due to the discovery and application of new techniques and natural resources. But both discovery and application require a great deal of investment. Even the mere rationalisation of an industry or the re-deployment of labour within a factory requires some investment. There is perhaps only one serious cause of economic growth that is free of investment costs: an increase in the worker's will to work or the adoption by the manager of the American attitude to costs and output, both so constantly recommended by the Anglo-American productivity teams. But this is clearly the least hopeful of all solutions to the whole problem, since it cannot be applied administratively at all but is purely a matter of sociology and propaganda—the cost of which would also be an investment! It is fair to claim that investment solutions are quicker and easier. We must therefore increase investment.

Naturally all solutions must be applied together. A country that applies both the sociological and the investment solutions (U.S.S.R.) will outgrow one that applies only the sociological (U.S.A.), just as that country will outgrow us, who apply neither.

We shall not broach here the question of the direction of investment: should it be in capital goods making consumer goods or in capital goods making capital goods? The latter naturally leads to far higher rates of growth; indeed without it no sustained growth is possible at all. We use here the word 'investment' as a catch-all, neglecting this extremely important distinction.

Growth and Communism

The writer was told after visiting Moscow that those who returned from that city sooner or later came out in red spots. Certainly his whole attitude to economic growth has changed because of and since that visit. Communism is the only economic system whereby the government can *order* the increase in output or the application of a new technique which private inertia or vested interests have resisted. The force of the law is added to the stimulus or profit—without impairing the latter—as a means to economic prosperity. The whole of society is dedicated to economic growth much as medieval Europe was dedicated to the attainment of the City of God. It is impossible not to be both anxious and exasperated when one reads in the City columns that the production of this or that article in, say, Great Britain or the United States *may* be a record this year; or that it has surpassed the previous maximum—of two years ago, a great cause for self-congratulation; or, more usual, that production has *recently* been very satisfactory and is not far from its previous peak. Upon such complacency is the Communist faith in world conquest largely founded. Could any of these things be said about an industry in a Communist country the severest penalties would be visited upon the managers.

The Question

The question before economists and politicians is, how can we attain the Communist rate of growth without the totalitarian political system and the moral degeneration, oppression, aggression, etc., that this entails? Indeed how much purely economic totalitarianism is really required? Can their rate of growth be attained at all? Or must we fall behind? But if we fall behind we shall succumb to totalitarianism anyway by virtue of conquest. Enough broad issues have been raised in this article and dismissed in one paragraph without attempting to answer these questions. It may be suggested only that: (a) Our own war economy furnishes a much better precedent for what we should do than anything in the five-year plans. (b) No amount of government intervention in economics *on purely economic grounds* has ever yet in any country killed political freedom. Solely the parties that are totalitarian on principle have shown themselves a serious threat. 'Killing freedom by kindness', 'strangling it by delegated legislation' remain mere possibilities; and this although there has been plenty of kindness and plenty of delegated legislation to judge by. (c) Many of the worst horrors of Communism and in particular forced labour and police purges are quite unconnected with the rapidity of its economic growth; still less connected with what reasonable human beings can attain for themselves if they try.

Europe—Sterling Area Trade

THE most important external trading area for Western Europe is the overseas sterling area, which accounts for about 18 per cent of its total trade.

Two-thirds of this is done by the United Kingdom, with France next. The recent expansion of 6 per cent in the year ended first quarter 1954 is the more striking in comparison with the fall between 1951 and 1952 when sterling commodity prices were falling.

Almost the whole of the higher total of trade comes from a rise in Western European exports. In the first quarter of 1953 exports were $1,690 million: a year later imports were much the same but exports had increased to $1,170 million. Every member of the sterling area, except Hong Kong, took more. Much of the increase during 1953, both from continental Europe and the United Kingdom, resulted from the relaxation of severe import restrictions in a number of overseas sterling countries.

From Bulletin for Industry, September 1954

Fleece the Millionaire, but—

MICHAEL P. FOGARTY

(Professor of Industrial Relations at University College, Cardiff) discusses Workers Investments Trusts which have already appeared on the Continent of Europe

IF your father leaves you a million pounds, you need not actually be reduced to anything so disagreeable as working. The State will let you keep £200,000. Yet even an 80 per cent tax makes a big hole in a fortune. You can accumulate a moderate fortune today, and the State will take only a moderate rake-off when you die; 10 per cent on £15,000, for instance. But the big fortunes are themselves condemned to death. From the point of view of Christian principle, this is justified *provided that* its purpose is not simply to concentrate property into a new monopoly—in the hands of the State, for example—but to spread it more evenly.

The Need for Risk Capital

Property for all, then; but it must be the right sort of property. There is at any rate this much to be said for the rich, that they have often been ready to put their money into risky investments and to look for new and unusual projects to back. The small man (I am talking statistics now: the published figures of what people actually leave at death) does not usually do that. He buys capital goods of immediate personal use to him: a house, furniture, a car. He puts his money in places where it will be safe, such as insurance companies and savings banks. And the State takes another slice out of what might otherwise be his savings, and gives him national insurance rights in return.

I do not mean that the small man is never willing to take a risk; look at what he spends on the pools. But he usually, rightly, feels that he personally does not know much even about investments through the Stock Exchange, let alone investment in the small, risky, new businesses which have not yet risen to Stock Exchange dignity. He may know quite a lot about his own firm; but if he is a wise man he will be reluctant to put all his eggs in that one basket. So that in the end there is a real danger, as many financial experts have been pointing out since the war, that in a world where big fortunes have been stamped out, capital for the small, risky new enterprises on which future industrial prosperity so often depends will be hard to find. All the more so, of course, since taxation today makes it far more difficult than in the past for the owners of such businesses to build up their enterprise out of their own personal savings.

Danger of Financial Despotism

Actually, a good deal of working and middle-class savings does find its way back into industrial investment, though not usually into the riskier sort. The insurance companies are going in more and more for ordinary shares, and the State finds out of taxes a fair amount of money for nationalised business, including such things as the Post Office. But in the first place it is not usually the really novel businesses that get money

This article has been taken from the Sept./Oct. issue of 'The Christian Democrat' published by The Catholic Social Guild, Oxford; specimen copy on application.

from these sources, and in the second there is the danger of monopoly. Another advantage of the rich up to now has been that there are a lot of them; if one will not back you, there are plenty of others. But now we are moving towards a state of affairs in which you get your money either from the Prudential (favoured by Tories) or from the Treasury (favoured by Socialists). If that is not a case of 'immense power and despotic economic domination concentrated in the hands of a few, and those few frequently not the owners, but only the trustees and directors of invested funds', as condemned by the Papal Encyclical *Quadragesimo Anno*, I don't know what is. I like insurance people, and I come from a Civil Service family myself. If I had to choose which of the two sets was to 'govern credit and determine its allotment . . . grasping . . . in their hands the very soul of production, so that no one dare breathe against their will'—that also is *Quadragesimo Anno*—I might find it hard to decide. But quite honestly I would prefer not to be strangled by either.

Second-Class Citizen

The danger of the sort of monopoly each represents is not simply that it gives a few people a stranglehold on industry's capital, but also that it shuts off most of the people from the realities of business finance. In the last hundred and fifty years middle and working class savers have been treated as second-class citizens, to be protected and patronized, but by no means to be admitted to the real responsibilities of financing industry. If no participation, then no sense of responsibility; that rule holds in every field of human experience. If people in the Labour Movement have talked as much nonsense as they have done about profits and exploitation, the owners of property have only themselves to blame. They should have given workers a chance to make direct contact with the financing of industry and find out its problems for themselves.

Today, when the financing of industry (and of everything else) is coming to depend more and more on the working and middle classes, it is essential that their members should be given direct and responsible contact with investment of every kind.

Five Problems

So, there are really five problems:

(1) To spread wealth evenly.

(2) To keep up a good supply of capital for new and risky enterprises.

(3) To give working and middle class savers as direct a responsibility as possible for even the riskier types of investment, for these are often the most important for our future.

(4) To do this without expecting working and middle class savers to take risks unreasonable in their circumstances.

(5) To avoid building up a new monopoly of capital in the hands of insurance companies or the State. Capital must flow through many different channels.

A French Solution

These problems have many solutions. My purpose here is to draw attention to one, opened up on the initiative of certain Catholic employers in France, which cuts at the root of all five problems at once, and has the double merit of being easy to start on a small scale—one firm at a time—and yet of being capable of expansion till it

becomes a major national institution. It is the idea of workers' investment trusts.

A firm, let us say, wishes to encourage its employees to save, and to save in the way most useful to the community. It sets up an investment trust. This is not owned or controlled by the firm. It is an independent, non-profit-making, co-operative society controlled, like all co-operative societies, by its members. In this case the members are those who deposit their savings with it. Often such a society will in fact have a manager or accountant from the founding firm as its honorary manager; but that is because the manager or accountant in question is an expert in investment matters who puts his services at the society's disposal, not because he represents the firm. The society receives deposits from the firm's employees, and proceeds to invest them. Like all investment trusts, it spreads its interests for safety. But a special point is made of putting at least some money into those really risky and enterprising businesses which so often constitute the growing points of industry. An investment trust, with widely spread interests and under skilled management, can afford to do this where an individual cannot; especially a trust under local management, run by people who know their neighbours and can pick out the good risks among small local businesses and nurse them through to success.

Subsidies Help

As an inducement to encourage people to put their money into this sort of investment, the firm founding a workers' investment trust may arrange to subsidize it. For instance, it may say that, in place of an ordinary profit-sharing scheme, it will add something out of its profits to the money that people deposit with the investment trust. In the case which first drew my attention to these schemes, a firm had offered to add £1 of its own for every £1 invested by its workers. This is as much as to say that anyone depositing £1 with the society was credited with £2, on which he drew interest at a good deal more than the ordinary savings-bank rate since the money was put into ordinary shares, not government securities: a much more attractive proposition than that provided by savings certificates. The £2 and interest belongs to the depositor, not the firm or investment trust, and the depositor has a right to withdraw it if he wishes.

Discouraging Withdrawals

But it is expensive and risky to make long-term investments out of deposits which can be withdrawn on demand: this applies particularly to the riskier kind of investments which may not be saleable at a good price at a moment's notice. Also the purpose of the schemes we are discussing is to encourage people not merely to save, but to hold on to their savings. Societies, therefore, find various ways of discouraging withdrawals. They may demand long notice. Or, what is perhaps fairer, they may allow withdrawal without conditions if a depositor can satisfy a society's committee that he needs the money for purposes for which savings ought reasonably to be used: to buy a house, or furniture, or a car, or to meet a family emergency. A depositor who withdraws his money without this justification may lose so many months' or years' interest or bonus. He gets back the £1 he put in, but not what the firm added to it on his behalf.

The Value of the Scheme

A scheme of this kind—and I stress again that it is far from being the *only* way of promoting the right kind of small savings—goes straight to the root of the matter. It asks no one to take unreasonable risks. Yet it keeps up a supply of capital to even the smaller and riskier sorts of business, and makes this capital available through many widely scattered channels. It gives a powerful encouragement to small savings, and so spreads wealth more evenly. And it keeps the control of this wealth in the hands of the small owners themselves, or their own immediate representatives on the committee of a small investment trust. They are directly in touch—as they are not if their money is invested for them by an insurance company or the State—with the profits, risks, and responsibilities of the kind of investment on which not only the present but the future depends.

I dare say that a firm needs to be at least medium-sized before it can expect on its own to make a success of an investment trust of this kind. But there is no reason why several smaller firms should not combine to set up a trust. Once there are several such trusts in existence they will naturally come together and form a national movement, with their own inspectorate, standard accounting system, contacts with Parliament, local authorities, trade associations and trade unions, and regular meetings to discuss their problems.

A Suggested Improvement

There is, I think, one major improvement possible in the system as operated to date in France. Why not link it on to the system of death duties, so as to make a direct and obvious connection between breaking down excessive fortunes and building up small property? Under the French way of working, it is *firms* that subsidize workers' investment trusts. I have nothing against that; we can and should do it here too. But why not use also the money that comes from death duties? Let us take 80 per cent off the millionaire. But, instead of splashing it away in current expenditure, why not use that money to subsidize small fortunes? Let industry and the State combine to make life impossible for millionaires, but highly profitable for the small saver. That might offer better hope than I see at the moment of getting away from a world where 2½ per cent of the people own two-thirds of all the capital (as is still the case in Britain) into one more nearly approaching the Christian ideal.

COMMONWEALTH AID TO INDO-CHINA

Mr Casey, the Australian External Affairs Minister, has announced a plan for Australia to send bulldozers, tractors and other heavy equipment to Indo-China and for Canada to send French-speaking technicians.

Forty Years of Commonwealth Migration (1913-1953)

(By sea)* *Year*	British Migrants to Overseas Commonwealth *Outward*	*Inward*	*Net Migration*	
1913	285,046	61,525	223,521	
1914	138,756	74,497	64,259	
1915	44,263	69,048	**24,785**	balance inward
1916	28,036	42,889	**14,853**	
1917	6,955	8,379	**1,424**	
1918	8,265	6,072	2,193	
1919	115,369	67,018	48,351	
1920	198,594	63,877	134,717	
1921	136,777	52,547	84,230	
1922	118,910	49,687	68,723	
1923†	157,062	44,438	112,624	
1924	132,217	47,356	84,861	
1925	105,225	42,339	62,886	
1926	132,306	39,079	93,227	
1927	122,733	42,184	80,549	
1928	108,982	46,170	62,812	
1929	106,900	43,949	62,951	
1930	59,241	51,442	7,799	
1931	27,151	53,181	**26,030**	balance inward
1932	21,249	54,269	**33,020**	
1933	20,760	44,642	**23,882**	
1934	22,966	38,846	**15,880**	
1935	24,256	35,785	**11,529**	
1936	24,485	37,324	**12,839**	
1937	26,111	34,167	8,056	
1938	29,008	32,598	3,590	
1946 (figures incomplete)	110,230	54,094	56,136	
1947	98,000	50,890	47,110	
1948	133,315	53,024	80,291	
1949	124,817	49,395	75,422	
1950	112,934	56,066	56,868	
1951	132,988	56,286	76,702	
1952	147,522	60,216	87,306	
1953	124,270	61,712	62,558	

*No separate statistics exist of permanent migrants who used ports in Europe or the Mediterranean as a stage on their journey to an overseas Commonwealth country.

There are no particulars of permanent migration by air (about 8,000, or 5-6 per cent in 1952).

†From 1.4.1923, the figures exclude movements from Irish Free State (now Republic of Ireland) ports.

Atomic Aircraft

OPPORTUNITY FOR FLYING BOATS

Now that nuclear power has become a reality for submarines, it is certain that before many years have elapsed aircraft will also be equipped with nuclear propulsion.

The first difficulty which is likely to arise is that of shielding the crew of the aircraft from the dangers of radio-activity. The weight of the metal shields which atomic-powered aircraft will have to carry will be great, and consequently the length of take-off and landing-runs will be much increased by comparison with those of today.

Moreover, it inevitably follows that the runways of the future will have to be able to bear vastly greater weights than those of today, which are already expensive to construct. The cost of building runways suitable for atomic-powered aircraft will be such that many countries may well choose to consider the use of the flying-boat as the starting point for their experiments in this direction.

It has been estimated by Saunders-Roe, the company which built the huge *Princess* flying-boats, that for years to come the minimum all-up weight of an aircraft designed to use atomic propulsion will be in the region of 500,000 lb. It may well be still higher.

High Wing-Loading

One of the advantages of the atomic power-plant is that its fuel consumption will be negligible for practical purposes. The corollary is obvious—that in future, landing weight will inevitably be a much higher proportion of take-off weight.

In order to give high performance, and keep the size of the aircraft within reasonable proportions, high wing-loading for take-off will have to be accepted. Wing-loading on landing will be much the same as at take-off, and a long landing-run will result. Saunders-Roe believe that this fact, coupled with the huge size of the aircraft, will put the landplane out of court.

Natural Medium

The sea offers runways of unlimited length which are cheap, ready for use, and indestructible. Hence, the conclusion is that the flying-boat is the natural medium for atomic propulsion. Behind the scenes, aerodynamic and hydrodynamic research has been going forward which will enable Saunders-Roe to design flying-boats of the size required. In fact 60 per cent of this size has already been achieved in the shape of the *Princess* boats. This fact indicates that Britain will be quick to take up the challenge of nuclear propulsion as she was to develop the gas-turbine engine.

From The Society of British Aircraft Constructors

Digest Reviews

COMMONWEALTH ENCYCLOPAEDIA

The Empire and Commonwealth Year Book 1954-5. *Edited by Ronald S. Russell, M.A., M.P. With a Foreword by the Chancellor of the Exchequer, the Rt Hon. R. A. Butler, C.H., M.A., M.P.* 500 *pp.*; 45*s. net.*

During its two years of useful service this unique book of reference has been progressively improved both in scope and arrangement. The third annual edition is longer by 50 pages than its predecessor of 1953-4 and includes new tables showing the volume and nature of trade between the United Kingdom and her overseas partners.

The Year Book is divided as was Gaul. Part I gives particulars of the agencies and official and other institutions concerned with the Commonwealth and Empire and its commerce. Part II contains information, under the headings given below, on 80 countries, including the Republic of Ireland which, for the Commonwealth, is not a foreign country so much as a Motherland of more than one Dominion, and is a member of the Sterling Area and 'Imperial' Preference group:

Location — History — Constitution — Area — Population — Capital and chief towns — Ports — Language(s) — Religion(s) — Flag(s) — Standard time — Immigration — Births and deaths — Education — Climate — Currency — Revenue — Expenditure — Imports/Exports — Preferences — Secondary, new and proposed industries — Land, sea and air communications.

The Editor is Honorary Research Secretary of the Empire Economic Union but this is an independent and entirely impartial almanack. In his Foreword Mr Chancellor Butler writes of the necessity of knowledge and facts to those concerned in the vital task of Commonwealth Development.

'Those of us who attended the Commonwealth Economic Conference at Sydney found that our work there was immeasurably lightened by the assembly, in advance, of material likely to help us in our deliberations.

'Mr Russell, in this book, has set out to provide much the same service for the general public, namely, to present in an accessible and digestible form the facts and figures on which any study of Commonwealth affairs must be based. Of particular value to those who are working to expand the resources of the Commonwealth is the chapter dealing with raw materials and commodities, since here we may discern the pattern of future development.'

ECONOMIC DIGEST is in distinguished company in warmly welcoming the latest edition of this indispensable guide to the Empire and Commonwealth. It should be on shelves and desks in all libraries and educational establishments, in every diplomatic mission, consulate, staff college and officers' mess, in all places where economists, men of state and men of business think, write, work and congregate. It is a needed reminder to the many of the greatness of a world-wide inheritance for whose development and proper use the Britannic peoples have a grave responsibility.

EUROPEAN PROGRESS

Statistics of National Product and Expenditure, 1938, 1947 *to* 1952. *Organisation for European Economic Co-operation;* 10*s*.

There are some words of good cheer for Europeans, not excluding the British, in this perhaps the most complete and authoritative comparison yet to be found within a single volume of production in the nations of Western Europe and North America.

Production a head expanded twice as fast in Western Europe as it did in the United States between 1937 and 1952. On the other hand, in terms of total expansion since 1938, the United States is still more than 50 per cent ahead of Western Europe. The Second World War proved as stimulating to the economy of the United States as it was destructive of the export markets of its European allies and enemies.

By 1948 Western Europe had largely regained the volume of total gross national product, consumption and investment of a decade earlier. The havoc caused by total war and the partition of the Continent was however reflected in a volume of exports some 5 per cent lower than before the war and of imports about 15 per cent higher. This added up to a gap in the balance of payments of $4,000m., which was half the previous year's deficiency ($8,500m.)

The Marshall Plan which was the *raison d'être* of O.E.E.C.—the receiving agency as it were, for the European Recovery Programme and the opposite number to E.C.A. on the western side of the Atlantic—was inaugurated in 1947. In 1949 the deficit in the balance of payments was less than $2,000m. and there was a surplus in 1952.

In 1947 the United Kingdom and the Scandinavian countries had reached or surpassed the pre-war level of output per head of population. The shattered six countries which now constitute the European Coal and Steel Community were still more than 25 per cent below 1938. It is from this starting point that Western German recovery must be viewed. The Federal Republic did not reach even the 1936 level until late 1949. In the five years after 1947, *per capita* output in 'Schumania' rose swiftly, especially in Germany. The increase for the Community was 40 per cent. Few other members of O.E.E.C. did so well in the same period.

Consumption also varied greatly from one European country to another. In the United Kingdom it remained almost stable between 1947 and 1952. Italy did not reach her 1938 level, which was 20 per cent above 1947, until 1951. Western Germany did not outstrip her 1936 figure till 1952. The Netherlands, unlike her O.E.E.C. partners, showed a decline in consumption between 1948 and 1952.

Investment took 15 per cent of total output in 1938, in 1952 18 per cent. The American proportion was well below that of Western Europe in 1938, being only 11 per cent. In 1952 it drew level with the Western European percentage.

There is material in this survey of great value to the student of the post-war history and economic recovery of Western Europe and the North Atlantic area.

'STRASBOURGEOIS'

CHANGING MIDDLE EAST

The Middle East, A Political and Economic Society. Second (1954) Edition. Royal Institute of International Affairs; 35*s*.

Not only is the East no longer 'unchanging' but its political complexion and alignments change nowadays with a Latin-American rapidity. Chatham House have thus done well in bringing out this the second edition of a work first published in 1950. The overthrow of the Egyptian monarchy by General Neguib's military junta in July 1953 and the revolutionary progression through Regency to Republic is described in its pages. The pace of events in the Valley of the Nile has however been so hot of late that the subsequent Cox and Box between Neguib and Nasser is briefly noted in a postscript dated 12th April, 1954.

Since then the Sudan has moved further towards self-determination; and the Anglo-Egyptian agreement thereon has been followed by the Anglo-Egyptian settlement of the Suez Canal Zone question. Whether that works out well or ill for Great Britain and her Commonwealth partners and foreign allies, and for the commerce of the nations, over which Great Britain had stood on guard, it is certain that the Middle East will not be the same again. The isolation of Israel is keenly felt and Western influence in the Arab world seems likely in future to rest less upon British bayonets, aircraft and armoured cars, than upon a network of defence and dollar aid pacts spreading from Turkey, the eastward pillar of N.A.T.O., to Western Pakistan along the southern marches of the U.S.S.R.

Like 'South-East Asia', the term 'Middle East' is somewhat nonsensical and it is well that the term is clearly defined on page 1 as including the Arabian peninsula with its British and British-protected as well as independent territories, Cyprus (here again it has been impossible for so weighty and definitive a work to be up-to-date), Egypt, Jordan, Iraq, Israel, Lebanon, Persia, the Sudan, Syria and Turkey. This excellent political and economic survey is not only extensive in its geographical range but a storehouse of factual material which will be found indispensable by all serious students of Middle East affairs.

The sections on the various countries each contain an economic chapter and in some cases a social survey. The introductory chapter sketches the general background and makes a regional examination of agriculture, industry, including the all-important oil industry, communications, trade, price trends, finance, banking, capital formation and foreign aid. An appendix provides statistics of population and area, agriculture and production, crop yields, national income, cost of living indices, oil production and concerns, refineries and pipe-lines and finally the yearly tonnage of tankers which passed through the Suez Canal between 1938 and 1952.

J.B.-D.

SOCIAL REVOLUTION

The French Revolution 1788-1792. *By Gaetano Salvemini. Translated from the Italian by I. M. Rawson. Henry Holt & Company (New York).*

This new edition is very welcome. It was first published in Italy as long ago as 1905; but its author is perhaps best known in the English-speaking world as the dissector of Mussolini's ephemeral dictatorship.

This lucid, ably translated and attractively-written history ends in 1792 with the abolition of the Monarchy, since when the French people have known no single unifying symbol. By 1792 the decisive internal victory of the Revolution had been won.

Professor Salvemini dwells more than some historians on its economic and social origins. It is often termed a 'bourgeois' revolution but in the later eighteenth century 'almost all the inhabitants—working-class, middle-classes and even a large part of the privileged orders—were ill at ease and discontented, amidst the discordant claims of old and new'. The State was plundered, its officials corrupted. The 'commons' had hoped for a return by the King to the anti-feudal policy 'that had been the glory of his dynasty'. 'In the end, tired of waiting in vain, they overthrew what was left of feudalism together with the monarchy that intervened in its support, freed themselves by their own efforts from their last remaining fetters, and set the seal of the new Republic upon modern society.'

But change is never permanent and the author's closing references are to Gracchus Babeuf and the 'seeds of another conflict' within the new régime. Before he became the First Minister of the Fourth Republic, M. Mendès-France spoke of France being again at 1788.

H.Y.D.

UNIVERSAL ATLAS

Oxford Economic Atlas of the World. Prepared by the Economist Intelligence Unit and the Cartographic Department of the Clarendon Press, Oxford. Oxford University Press; 30s. *(in the U.K. only).*

This handsome reference book is a suitable companion to *The Empire and Commonwealth Year Book* also reviewed in this issue of ECONOMIC DIGEST. It is something more than its title suggests. There are temperature and rainfall maps, general maps of the continents and maps arranged by commodities and products. There is an alphabetical series of countries giving the average production both pre-war and since (though not beyond 1952 in any case) and the average annual imports and exports of the products already presented. Basic general facts on each country are also given. The print is small but clear.

Some items of information open pleasing fancies. Thus, under 'Union of Soviet Socialist Republics', one may read that 'the production of wine has substantially increased in post-war years'. So much the better.

FOR REFERENCE

Items in this Section will be kept for one year at 47 Eaton Place, London, S.W.1 (telephone SLOane 7516). Any of our readers and any member of the Economic Research Council who wishes to refer to any of them is invited to apply to that address, citing the appropriate number or numbers (given in brackets after each item).

Randall Analysed: *A Critique of the Randall Commission Report. Prepared by Klaus Knorr & Gardner Patterson. International Finance Section and Centre of International Studies, Princeton University.* This brochure was based on a conference held at Princeton in February 1954. Quoted in the ECONOMIC DIGEST of October. (554)

For Specialists on Finland: *Kansallis-Osake-Pankki Economic Review.* Covers economic development in the second quarter of 1954. Many statistics. (555)

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Indian Statistics: *Statistical Abstract India*—1951-2. *New Series No.* 3. This exhaustive survey (993 pages, including index) carries the authority of the Central Statistical Organisation of the Cabinet Secretariat of the Government of India. Published 1954 by the Manager of Publications, Delhi. (557)

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Pelf: *Bibliography on Income and Wealth. Vol. IV* 1951. Edited by Phillis Deane. Bowes and Bowes, Cambridge; 37s. 6d. As in earlier volumes, the International Association for Research in Income and Wealth gives references to material published in more than forty countries on such subjects as national income, social accounting, problems of statistical methodology, etc. Miss Deane belongs to the Department of Applied Economics at the University of Cambridge. (563)

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Published in Great Britain by Economic Digest Limited, 30 Baker Street, London, W.1, in association with the Economic Research Council and printed by The Ditchling Press, Ltd, Ditchling, Sussex